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DAILY REPORT

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ZHAO ZIYANG REITERATES OPPOSITION TO APARTHEID

OW191851 Beijing XINHUA in English 1830 GMT 19 Mar 87

[Text] Beijing, March 20 (XINHUA) -- Chinese Premier Zhao Ziyang today reaffirmed China's support of the United Nations' efforts against apartheid and its solidarity with the South African people in their struggle against the Pretoria government.

Zhao made his comments in a message to G. Carba, chairman of the United Nations Special Committee Against Apartheid, on the occasion of the International Day for the Elimination of Racial Discrimination.

"I wish to express, on behalf of the Chinese Government and people, our solidarity with and support to the UN special committee" and appreciation of its "useful work" in mobilizing the international community to support the Southern African people in their just struggle," Zhao said.

"The South African authorities' obdurate clinging to the policies of racial discrimination and apartheid, their continued illegal occupation of Namibia and repeated military provocations against their neighbors have resulted in sustained tension and turbulence in Southern Africa," Zhao pointed out.

"The nationwide 'state of emergency' imposed by the South African authorities and their brutal suppression of the black people since June last year have further aggravated the situation there," Zhao stressed.

"Realities have shown that the system of racial discrimination and apartheid in South Africa must be abolished if peace and stability in Southern Africa is to be attained," he said.

"At present," Zhao continued, "the struggle against the racist rule of South Africa has developed beyond national and regional boundary."

"The World Conference on Sanctions Against Racist South Africa sponsored by the United Nations and the special session of the United Nations General Assembly on the question of Namibia last year have played an important role in mobilizing the international community in the intensified struggle against South African racist rule," Zhao said.

"We are convinced that with the all-out support of all the justice-upholding countries and peoples of the world, the South African people, closing ranks and persisting in struggle in various forms, will win the final victory," Zhao concluded.

LEADERS ATTEND INTERNATIONAL WOMEN'S RECEPTION

OW071126 Beijing XINHUA in English 0911 GMT 7 Mar 87

[Text] Beijing, March 7 (XINHUA) -- A large reception attended by over 1,500 Chinese and women from abroad in festival costumes was held by the All-China Women's Federation here today at the Great Hall of the People to mark "March 8th", the International Women's Day.

Present at the reception were also party and state leaders Wan Li, Chen Muhua, Hao Jianxiu, Kang Keqing and Le Jieqiong, as well as Princess Monique Sihanouk, wife of President Samdech Sihanouk of the Democratic Kampuchea, and Madame Harkett, wife of the ambassador of Morocco Abderrahim Harkett and dean of the diplomatic corps.

Chairman of the Chinese People's Political Consultative Conference Deng Yingchao also offered her congratulations and regards to the 1,300 overseas guests including wives of diplomatic envoys and women diplomats, women experts and wives of experts at the reception.

Zhang Guying, vice-chairman of the All-China Women's Federation thanked all the foreign sisters who are working now in China for their support for China's socialist construction and their work in promoting the cause of peace of both the Chinese and the world people.

She said that in the past year, China saw encouraging progress in every field. The Chinese women of all nationalities spared no efforts to improve their skills and contribute to the country's progress.

She noted that peace is the common wish of the world people. Women in every country do their share in participating in the development of society, demanding equal rights with men, promoting disarmament, defending world peace and promoting international cooperation.

She said Chinese women are willing to take a further step to promote exchanges with women of every country and make joint efforts for world peace.

To the accompaniment of cheerful music, the attendants greeted, talked, and took pictures with each other.

Tomorrow, Zhongnanhai, the Tiananmen rostrum, the children's center and many other sites in Beijing will be open to women free of charge. In other parts of China, women and children will also be able to visit scenic spots free of charge.

OLYMPIC OFFICIAL INTERVIEWED ON ASIAD PREPARATION

OW200124 Beijing XINHUA in English 0107 GMT 20 Mar 87

[Text] Kuwait, March 19 (XINHUA) -- The preparations for the 11th Asian Games, to be held in 1990 in China's capital of Beijing is underway with the support of the Chinese Government, Vice-President of Olympic Council of Asia (OCA) Chen Xian of China announced here today.

In an interview with Xinhua, Chen, who is in Kuwait to attend the OCA bureau meeting, said that 11 new sports stadiums and gymnasiums are under construction and 16 existing ones are being renovated and expanded for competition and training during the 1990 Asian Games.

He noted that the overall plan of the Asian Games electronic service system has been laid down, involving many aspects, such as electronics, communication, television, broadcasting and etc.

The organizing committee has gathered a considerable number of experts and specialists of various fields to work on the researches and designs of this service system, according [to] the senior Chinese sports official.

However, Chen pointed out that the organizing committee will explore every possibility to collect more funds to make up for the budget deficiency though the Chinese Government has agreed to provide a sum of funds. At the same time, municipal government of Beijing has started the urban construction and development, Chen said, adding that plans for afforestation of the city is also under consideration.

Chen Xian presented a report on the preparations for the 1990 Beijing Asian Games to the OCA President Shiekh Fahad al-Ahmad al-Sabah of Kuwait expressed satisfaction over the report.

WESTERN SCHOLARS INVITED TO DO ACADEMIC STUDIES

OW161202 Beijing XINHUA in English 1037 GMT 16 Mar 87

[Text] Beijing, March 16 (XINHUA) -- The Chinese Academy of Sciences recruited four Western scholars recently to do post-doctorate studies in systematic science, biochemistry, optics, and metallurgy.

This is the first group of foreign scientists to come to China to carry out high-level research. "The academy decided to offer foreign research posts in its institutes for basic research last June," said an official from the academy today. The four come from Sweden, the United States, France and Canada.

"Some of our labs and equipment are up to international standards," said Huang Wenrui, an official from the academy. "We believe we're capable of training advanced-level scientists for foreign countries."

"Chinese scientists also benefit from this kind of program because foreign scholars often bring their own ideas and new methods which improve our own research," Huang added. The academy is also planning to enroll foreign graduate students in the near future, according to the official.

TOURISTS WELCOME SIMPLER ENTRANCE PROCESS

OW191836 Beijing XINHUA in English 1547 GMT 19 Mar 87

[Text] Shenzhen, March 19 (XINHUA) -- An Australian tourist was leaving Hong Kong for Thailand, but hoped to visit Shenzhen, one of China's four special economic zones, the day before he left. Thanks to simpler procedures for foreigners to enter China from the Luohu and Shekou border stations the tourist was able to see Shenzhen before leaving on his trip to Thailand.

This fellow was one of more than 700 foreign tourists who have taken advantage of the simplified border procedures for foreign tourists who enter the Shenzhen special economic zone from Hong Kong. Since February 16, before entry, tourists can apply for visas at public security border offices, and after approval, can stay in the zone for five days.

According to an officer from the Shenzhen border station office, "Now the application and approval formalities take only a few minutes, but, in the past, it took two or three days to get a visa."

"If things had not been so easy," the Australian tourist said, "I would not have been able to visit Shenzhen on my free day." The new regulations apply to all general passport holders from countries now having diplomatic or official trade relations with China.

LIAOWANG REVIEWS SHULTZ' RECENT VISIT

HK190511 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 11, 16 Mar 87 p 27

[Article by Huang Sixian (7806 1835 6343): "Shultz's China Visit"]

[Text] On 6 March, U.S. Secretary of State George Shultz concluded his third visit to China in nearly 4 years, his longest stay in a foreign country for a visit as Secretary of State.

Shultz and his entourage were the first group of important officials from Western countries to visit China since the beginning of this year. Since there was a recent personnel change in China's high echelons of leadership and a struggle launched against bourgeois liberalization, many foreign friends including Americans have feared and worried whether China's policies would change. Therefore, Shultz's visit attracted the attention of Western public opinion. Apart from extensively exchanging views on those international and bilateral issues of interest to both sides, at the request of the American side, Chinese leaders had talks lasting for many hours with their guests on the political and economic situation.

Premier Zhao Ziyang told Shultz that the main reason some foreign friends found it (the personnel change in the CPC Central Committee) incomprehensible and had worries about it was that they had a one-sided understanding of China's principles and policies. They set adherence to party leadership and the socialist system against reform and opening up, arguing that with the four cardinal principles being upheld, it would be impossible to carry out reform and opening up. In fact, the upholding the four cardinal principles and reform and opening up form an integral whole. Upholding the four cardinal principles is the guarantee of success in the continued progress of reform and opening up.

Zhao Ziyang also said: We oppose bourgeois liberalization precisely for the sake of correctly and comprehensively implementing the effective line and policies which we have pursued for 8 years. Our reform and opening up will not be hindered and changed. In short, we must both oppose bourgeois liberalization and uphold reform and opening up.

Zhao Ziyang also pointed out: The line we have implemented in the past 8 years or so since the 3d Plenary Session of the 11th CPC Central Committee can be summarized into two things. One is upholding the cardinal principles and the other is carrying out reform and opening up. The policy of reform and opening up has greatly benefited the people and thus won their heartfelt support. Hence, a change in these policies is out of the question. Moreover, reform and opening up are not aimed at abandoning the leadership of the CPC and the socialist road.

When telling the guests that there were people in China who advocated "total Westernization" and indiscriminate copying of Western practices, President Li Xiannian pointed out: We are carrying out reform, opening up, and economic invigoration along the socialist road. We want to build socialism with Chinese characteristics.

When meeting Shultz and his entourage, Chairman Deng Xiaoping, in high spirits, talked cheerfully and humorously. When dealing with talk abroad on whether China would change its policies, he emphatically said to the guests that our established policies would not change. He said: Why should the policies which have been pursued over the last 8 years and are effective in practice be changed? However, two things are important. First, China can only take the socialist road. [paragraph continues]

In a big country with a population of 1 billion people like ours, capitalism will undoubtedly not work. Second, to carry out socialist modernization and to lift China out of backwardness, it will not do to not have a stable political situation. We must have a stable political situation and carry out the socialist modernization program in an orderly way.

Deng Xiaoping told the guests that opposing bourgeois liberalization is a long-term process. He said: In the course of carrying out the four modernizations program, there is invariably the question of opposing bourgeois liberalization. He pointed out: Now that it is a long-term task, we should not launch any movements. Our basic method is conducting education.

Secretary of State Shultz, a one-time university professor, was obviously interested in the questions of students and education. When briefing him on China's education, Vice Premier Li Peng pointed out: The objective of our schools is to train our students into qualified people who have lofty ideals, moral integrity, culture, and a strong sense of discipline and who serve socialism. While democracy and reform will continue in our schools, he said, we will continue to introduce advanced foreign science and technology, management expertise, and advanced culture to our students. He also said: We hold high hopes for our young students including those studying abroad.

With regard to China's foreign policy, Foreign Minister Wu Xueqian emphatically pointed out: Like our domestic policy, our foreign policy will not change. We will firmly implement our independent and peaceful foreign policy. We will support anything advantageous to safeguarding world peace and safeguarding and consolidating the independence and sovereignty of Third World countries and we will oppose anything to the contrary.

Candid and friendly talks promoted mutual understanding. At a return banquet, Shultz said that his talks with Chinese leaders had reinforced his confidence in the durability of U.S.-Sino relations and the firmness of China's commitment to the policies which have brought the country the unparalleled successes of the past decades. He said to foreign reporters: China's policy of reform and opening up has been effective in practice. He believed that China would not abandon its policy of opening up. These talks made him "more confident" in China's policies.

Shultz' current China visit happened to coincide with the 15th anniversary of the publication of the "Shanghai Communiqué." Therefore, the question of Sino-U.S. relations was naturally one of the important topics for discussion between the two sides. Let us review the developments in the 15 years since the publication of the "Shanghai Communiqué." Although there have been rises and falls as well as twists and turns in Sino-U.S. relations, eye-catching advances have also been scored in the relations of the two countries. When meeting Shultz, Chinese leaders fully affirmed the great efforts exerted by the two countries in developing bilateral relations. Shultz said to the Chinese leaders: The United States attaches importance to its relations with China and holds that the development of the relations of the two countries is of importance to safeguarding both stability in the Asian-Pacific region and world peace. During his visit, he reaffirmed that the U.S. policy is based on the one-China principle and stressed that the United States has no intention of pursuing a policy of "two Chinas" or "one China, one Taiwan." He also said: The United States welcomes any developments helpful to relaxing the tension in the Taiwan Strait, including indirect trade and the increasingly frequent nongovernmental contacts.

While Sino-U.S. relations are developing day by day, some difficulties and obstacles remain. There are many problems to solve whether in the substantive question of Sino-U.S. relations -- the Taiwan issue -- or in the economic and trade relations between the two countries. The three joint communiques of China and the United States have provided common guiding principles for the two countries to handle their relations. So long as these principles are implemented in a more effective way, Sino-U.S. relations will certainly further develop.

XINHUA VIEWS U.S. DEMOCRATS' STAND ON STAR WARS

OW191251 Beijing XINHUA in English 1037 GMT 19 Mar 87

["Round-up: U.S. Democrats Ganging Up on Early Star Wars Deployment" -- XINHUA headline]

[Text] Washington, March 18 (XINHUA) -- The long debate on how the United States is going to interpret the 1972 Anti-Ballistic Missile (ABM) Treaty is heating up, threatening the Reagan administration's efforts to speed up testing and deployment of the "Star Wars" missile defense technologies.

At issue is the administration's assertion that under a broader interpretation of the treaty it developed October 1985, the U.S. can expand testing and deploy the system without violating the treaty.

It also argues its new interpretation was supported by the treaty's negotiation records, making it "legally correct".

But many congressmen say the administration's view was baseless. The U.S. should adhere to the restrictive interpretation which ban systems like the Strategic Defense Initiative (SDI), they say.

The most vigorous challenge comes from Democratic Senator Sam Nunn, chairman of the powerful Senate Arms Services Committee. Nunn was generally seen as a staunch supporter of President Reagan's arms build-up.

Nunn prepared a 98-page analysis of the negotiation, ratification and implementation records of the ABM Treaty which he unveiled in a series of Senate speeches last week.

There are a "a series of authoritative statements" that "flatly and unequivocally contradicted" the administration's view, he said.

The record shows the Senate's ratification of the treaty in 1972 was explicitly based on a restrictive interpretation of the pact, he explained.

Since then, four U.S. administrations supported that interpretation until a new reading was found in 1985, he added.

Reagan's interpretation is grounded in "ideologically driven" assessments, the Senator said.

Nunn's view was echoed by leading Democratic Senators such as Claiborne Pell, chairman of the Senate Foreign Relations Committee, and Joseph Biden, chairman of the Judiciary Committee.

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William Fulbright, who was chairman of the Senate Foreign Relations Committee during the debate on the treaty, agrees with Nunn.

The challenge has now spread to a related issue of whether the Congress should make further cuts in the money for SDI, a cornerstone of President Reagan's arms control strategy.

Nunn was warned the administration it faces a confrontation over money if it continues to insist on its broader interpretation.

"The bottom line is that Reagan will have to adhere to the traditional interpretation or see SDI funding cut dramatically from current levels," said Democratic Senator Carl Levin, another critic of Reagan's treaty review.

Some republican Congressmen, including Representative Jack Kemp, a leading supporter of SDI, are afraid the strong opposition might delay SDI deployment "well into the next administration".

'LARGEST' IN-GOVERNMENT PROJECT WITH U.S. BEGINS

OW191820 Beijing XINHUA in English 1430 GMT 19 Mar 87

[Text] Beijing, March 19 (XINHUA) -- Chinese and American small- and medium-sized enterprises will join hands in developing sales on the international market, XINHUA learned today.

Over 100 Chinese and 500 American enterprises will be involved in this, the largest non-governmental cooperation project ever undertaken between the two countries, said He Weiling, resident representative of the Chinese Economic System Restructuring Research Institute in the United States.

He said these enterprises will work together to improve the designing, packaging and quality of products to better suit the needs of the world market.

The project will begin with the opening of the "Tulsa-China Week" symposium sponsored by the Tulsa Globe Trade Foundation Inc. of the State of Oklahoma in November this year.

During the symposium, these Chinese enterprises in Jiangsu, Henan, Anhui, Beijing, Shanghai, Ningbo, Taiyuan, Qingdao, Yantai and Chongqing will present some 100 programs for cooperation with their American counterparts.

XINHUA VIEWS PROSPECTS FOR DPRK-U.S. DIALOGUE

OW191316 Beijing XINHUA in English 1253 GMT 19 Mar 87

["Commentary: Korea-U.S. Dialogue Is Good Intention (by Zheng Baoqin)" -- XINHUA headline]

[Text] Pyongyang, March 19 (XINHUA) -- Decisions made by the Democratic People's Republic of Korea (DPRK) and the United States to allow their diplomats to make contacts are believed to have opened up good prospects for a DPRK-U.S. dialogue to settle problems existing between the two countries.

The DPRK today announced its decision to allow DPRK officials to contact U.S. officials with no restrictions on places, formalities and ranks. The statement was made in response to the March 9 decision of the U.S. State Department to allow its diplomats to respond substantively to DPRK officials when they initiate conversations in neutral settings.

The DPRK and the U.S. have no diplomatic relations, no exchange of visits, and no official or non-official contacts. U.S. troops have been stationed in South Korea since the Korean War in the early 1950's. From the late 1970's up to now, the U.S. and South Korea staged a large-scale military exercise every year, which deepened the misunderstanding and mutual distrust between the DPRK and the U.S.

As early as in 1974, the Supreme People's Assembly of the DPRK proposed in a letter to the U.S. Congress that the two sides hold talks on replacing the truce agreement with the peace treaty. In January 1984, the DPRK proposed to the U.S. and South Korea that tripartite talks be held.

However, Korea-U.S. talks and contacts have been shelved because of disagreements.

Reaching agreements through contacts, conversations and consultations is a basic way for solving international issues today. In order to alleviate tension on the Korean peninsula, the DPRK and the U.S. have expressed their willingness for talks and contacts. This is a good beginning.

To reduce tension on the peninsula is not only the intention of the Korean people but also the common concern of the world people. Although many complicated problems between the two countries could not be settled in a short time, observers here believe, clues could be found to dispel each other's misunderstanding as long as the two sides are sincere in holding talks and contacts, look reality in the fact and advance step by step for their goal.

HU QILI MEETS TOKYO JUNIOR CHAMBER GROUP

OW1710'6 Beijing XINHUA in English 1041 GMT 17 Mar 87

[Text] Beijing, March 17 (XINHUA) -- Hu Qili, member of both the Political Bureau and the Secretariat of the Central Committee of the Chinese Communist Party, met and had a cordial conversation with some members of a visiting Japanese delegation from the Tokyo Junior Chamber here this afternoon. The delegation is led by Yoshihide Watanabe with Tadashi Okuyama as its honorary leader. President of the All-China Youth Federation, Liu Yandong was present.

GUANGXI MILITIAMEN KILL SRV INTRUDERS 10, 15 MAR

OW191225 Beijing XINHUA Domestic Service in Chinese 0253 GMT 19 Mar 87

[Text] Nanning, 19 Mar (XINHUA) -- Using their weapons to protect the people's spring farming, militiamen of various nationalities in Guangxi's border areas continued to wipe out armed Vietnamese personnel carrying out provocations in Chinese territory.

Since the beginning of spring, Vietnamese armed forces have constantly shelled urban and rural areas along Guangxi's border, destroying houses and killing and wounding Chinese border inhabitants. Vietnamese special agents have also intruded into China to harass Chinese border inhabitants, disrupting their stable life and spring farming. In February alone, Vietnamese armed forces sent five groups of special agents into China to carry out harassment and sabotage, killing, wounding, and abducting many border inhabitants engaged in spring farming. Resorting to arms to protect the people's spring farming, border defense militiamen in Guangxi gave the provocateurs the punishment they deserved.

When a militia detachment of Longzhou County carried out patrol duty early in the morning of 10 March, it encountered three Vietnamese special agents who had sneaked into our country. Our militiamen promptly opened fire at them and killed all of them. Shortly after 0800 the same day, a group of Vietnamese soldiers sneaked into China and attacked militiamen at the Hengluo sentry post, taking advantage of a heavy fog. Our militiamen counterattacked valiantly and killed three enemy soldiers. Shortly after 1000 the same day, militiamen at the Liqohang sentry post in Pingxiang City also killed two Vietnamese soldiers who were threatening Chinese border inhabitants engaged in rice transplanting.

Early in the morning of 15 March, a group of Vietnamese soldiers intruded into Zhilang Township in Ningming County. A Chinese militia detachment immediately used heavy fire to rebuff the intruders, killing several of them and capturing their weapons.

THAI OFFICIAL COMMENTS ON CAMBODIA ISSUE

OW131410 Beijing XINHUA in English 1355 GMT 13 Mar 87

[Text] Bangkok, March 13 (XINHUA) -- Thai Foreign Ministry's Deputy Spokesman Somphan Kokilanon declared here today the Thailand and the Association of Southeast Asian Nations (ASEAN) still support the eight-point proposal submitted by the Coalition Government of Democratic Kampuchea (CGDK).

The peace proposal put forth by CGDK in March 1986 calls for a two-phased withdrawal of Vietnamese forces from Kampuchea and the formation of a four-party coalition government including the Heng Samrin faction.

The spokesman made this remark at a press conference here this morning when commenting on a Vietnamese proposal regarding a dialogue between the Indochinese bloc on one side and China and ASEAN on the other. He said that this is not a new proposal because the so-called "foreign ministers' meeting" of the three Indochinese nations had submitted a similar one before. Hanoi knows well that such a proposal will have no response but submit it once again. This is not understandable, the spokesman said.

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CGDK is the representative of the three patriotic Kampuchean factions who are subject to an aggression while Vietnam is the aggressor, he said. Therefore, a dialogue should be held between Vietnam and CGDK, he added.

Referring to the Southeast Asia tour of Soviet Foreign Minister Eduard Shevardnadze, the spokesman said that the Soviet Union made a gesture of willing to solve the Kampuchean problem. But words are not deeds. If Moscow really has its sincerity to solve the problem and takes actions, he added, the problem can be solved at an early date.

The spokesman revealed that the Soviet foreign minister has not submitted any new proposal during his Southeast Asia visit.

SONG JIAN MEETS AUSTRALIAN DELEGATION 15 MAR

OW150816 Beijing XINHUA in English 0221 GMT 15 Mar 87

[Text] Beijing, March 15 (XINHUA) -- Chinese State Councillor and Minister in Charge of the State Science and Technology Commission Song Jian met and had a cordial conversation with Gough Whitlam, chairman of the Australia-China Council, and his party here this morning.

Australian Ambassador to China Ross Garnaut was present on the occasion.

Established in 1979, the Australia-China Council is a semi-official organization composed of public figures from Australia's political, academic, educational, economic and trade circles. Whitlam himself was once the country's prime minister.

Li Peng Meets Group

OW161206 Beijing XINHUA in English 1050 GMT 16 Mar 87

[Text] Beijing, March 16 (XINHUA) -- Chinese Vice-Premier Li Peng met and had a cordial conversation with a delegation from the Australia-China Council led by its Chairman Gough Whitlam here this afternoon.

Delegation Honored by CPPCC

OW161440 Beijing XINHUA in English 1435 GMT 16 Mar 87

[Text] Beijing, March 16 (XINHUA) -- The National Committee of the Chinese People's Political Consultative Conference (CPPCC) gave a banquet in honor of a delegation from the Australia-China Council, led by Chairman Gough Whitlam, here this evening.

In his toast, Cheng Zihua, vice-chairman of the CPPCC National Committee, praised former Australian Prime Minister Whitlam for his contributions to the development of the friendship between the Chinese and Australian peoples.

He said that the establishment of contacts between the CPPCC Foreign Affairs Committee and the Australia-China Council will promote the mutual understanding, sharing of experiences and friendly cooperation in the economic, scientific and technological fields between the two countries.

Whitlam replied that the Australian people cherish profound friendly feelings toward the Chinese people. They hold the view that having normal relations with China is beneficial to the two countries and the people of the world as a whole.

He pledged that the Australia-China Council will continue to contribute to friendship between the two countries and peoples.

DPRK'S SIHANOUK VISITS PLA UNIT WITH GUN XIULIAN

OW200057 Nanjing Jiangsu Provincial Service in Mandarin 1015 GMT 17 Mar 87

[Text] In an interview with this reporter at noon on 17 March, Norodom Sihanouk, president of Democratic Kampuchea, said: After an interval of 15 years, I have visited Nanjing once again and felt the remarkable changes here. People's mental outlook, their physical health, and the clothes they wear have all changed greatly. Nanjing City has made great headway in terms of urban and rural road construction, housing construction projects, tourism, commerce, and living facilities. The people's living standard has been continually raised. All this has happened since the 3d Plenary Session of the 11th CPC Central Committee.

In the reception room of the presidential suite of the Jinling Hotel, Prince Sihanouk happily met with Jiangsu's press circles and chatted cheerfully with them about his interesting visit to Nanjing. Prince Sihanouk also briefed the press about the fine situation in Democratic Kampuchea's struggle against Vietnam. He said: Each victory we have won is inseparable from the tremendous support and aid of the Chinese people, including the people of Jiangsu. He asked the press to convey his respects and greetings to the latter. He also thanked friends in press circles in particular and the press for factually reporting the Cambodian people's struggle against Vietnam.

On the morning of 17 March, Prince Sihanouk, Madam Sihanouk, and their entourage visited a certain infantry division in Nanjing Military Region, accompanied by provincial Governor Gu Xiulian and Vice Foreign Minister Liu Shuqing. They were warmly welcomed by Deputy Commander of Nanjing Military Region Wan Chengbin, Division Commander (Chen Shaoyin), commanders, and fighters. The prince and his wife visited Linfen Brigade's Historical Exhibition Hall and watched a practice with live ammunition. At the end of the practice, Prince Sihanouk warmly praised this heroic unit's achievements. The prince and his wife also toured (Shi) Garden.

SHANGHAI MAYOR MEETS NEW ZEALAND'S PALMER

OW200015 Shanghai City Service in Mandarin 0100 GMT 17 Mar 87

[Text] According to a XINHUA report, Mayor Jiang Zemin met and feted New Zealand Deputy Prime Minister and Attorney General Geoffrey Palmer and his wife at Qingan Guesthouse on the evening of 16 March. In their friendly talk, both sides expressed the desire for continuous growth of bilateral cooperation in the cultural, economic, and trade fields.

Palmer and his party arrived in Shanghai from Hong Kong on the afternoon of 15 March. They will leave Shanghai for Xian today. They attended an inaugural ceremony for the New Zealand Studies Center of the Shanghai Foreign Language Institute yesterday.

WU STRESSES OPEN POLICY, COOPERATION WITH ITALY

OW190754 Beijing XINHUA in English 0722 GMT 19 Mar 87

[Text] Milan, March 19 (XINHUA) -- China will continue its open policy and Sino-Italian cooperation will achieve more successes with the development of China's economy and progress in reform, said visiting Chinese Foreign Minister Wu Xueqian here today.

He made these remarks when meeting with representatives of Italian business circles.

Wu thanked Italy for offering grants and loans on favorable terms as well as its willingness to transfer technology to China.

"Our open policy will not change. The present opposition to bourgeois liberalization means only to defend the stability in the country and carry out the modernization drive more effectively," he added.

Piero Bassetti, the chairman of Italian Business Association, also indicated that China needs the West for its modernization while the West needs China.

"Now the highly combined technological innovation and world market has made every country an indispensable unit of the global system," he said.

The Italian Business Association would strive to develop Sino-Italian cooperations, particularly with small and middle-sized Italian businesses, Bassetti added.

Before the meeting, Wu met with the mayor of Milan and visited sites in the industrial capital of Italy.

Further on Wu Comments

OW191135 Beijing XINHUA Domestic Service in Chinese 0642 GMT 19 Mar 87

[Text] Milan, 18 Mar (XINHUA) -- At a meeting with some 60 representatives of Italian business circles at the Milan Chamber of Commerce this morning, Chinese State Councillor and Foreign Minister Wu Xueqian said that China's "current policy will by no means change simply because of its opposition to bourgeois liberalization."

After reviewing the progress made over the past few years in economic cooperation between the two countries, Wu Xueqian said: "We appreciate the Italian Government's farsightedness and action in promoting various cooperative projects by providing us with favorable-term loans and gratuitous funds. We also appreciate your country's open attitude with regard to the question of technology transfers. We firmly believe that with the development of China's economic construction and the deepening of its efforts to conduct reform and open to the outside world, Sino-Italian economic and technological cooperation is bound to yield more abundant fruit."

Touching on China's foreign policy, he said: "Our independent and peaceful foreign policy is our fundamental national policy and is unshakable. [paragraph continues]"

It is our firm belief that pursuit of this policy by China, whose people account for nearly a quarter of the world's population, is most conducive to global peace and stability and most in line with the basic interests of the Chinese people and the people in the rest of the world."

Bassetti, chairman of the Italian Business Association, said at the meeting: "China needs the West for its modernization, while the West and the whole world need China." He added that the Italian Business Association will strive to develop Italy's trade with China.

Visits San Marino

OW191642 Beijing XINHUA in English 1632 GMT 19 Mar 87

[Text] San Marino, March 19 (XINHUA) -- Chinese Foreign Minister and State Councilor Wu Xueqian and his San Marinese counterpart Gabriele Gatti held talks on international issues and the development of bilateral relations here this morning.

During the meeting, Wu explained China's domestic situation and foreign policy. He invited Gabriele Gatti to visit China and the San Marinese minister accepted the invitation with delight.

The Chinese foreign minister came here from Milan, Italy. Wu reviewed a guard of honor on San Marino's border.

TIAN JIYUN MEETS TURKISH MINISTER OF STATE

OW181132 Beijing XINHUA in English 1126 GMT 18 Mar 87

[Text] Beijing, March 18 (XINHUA) -- Chinese Vice-Premier Tian Jiyun met visiting Turkish Minister of State Vehbi Dincerler and his party here this afternoon.

Tian and the Turkish visitors had a cordial and friendly conversation on the expansion of economic and trade ties between the two countries.

Minister Gives Banquet

OW181618 Beijing XINHUA in English 1554 GMT 18 Mar 87

[Text] Beijing, March 18 (XINHUA) -- Visiting Turkish Minister of State Vehbi Dincerler gave a return banquet here tonight.

Dincerler said in his toast at the banquet that he has gained a better understanding of China through the current visit. He said he hoped for a big increase in bilateral trade.

Lu Dong, Chinese minister in charge of the State Economic Commission, said at the banquet that extensive contacts made by Dincerler and his party with their Chinese counterparts are very useful. He described Dincerler's current visit as "successful."

The Turkish visitors are scheduled to leave here tomorrow for a tour of the Xinjiang Uygur Autonomous Region in northwest China and Guangdong Province in south China.

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SONG JIAN, OTHERS DEPART FOR WESTERN EUROPE

OW171536 Beijing XINHUA in English 1437 GMT 17 Mar 87

[Text] Beijing, March 17 (XINHUA) -- Song Jian, state councillor and minister in charge of the State Science and Technology Commission, left here by air this evening for a visit to EEC (European Economic Community), Belgium, Austria, the Federal Republic of Germany and France.

He is accompanied by Vice-Governor of Liaoning Province Lin Sheng and others.

LI PENG MEETS PORTUGUESE ENTREPRENEURS 18 MAR

OW180930 Beijing XINHUA in English 0914 GMT 18 Mar 87

[Text] Beijing, March 18 (XINHUA) -- Chinese Vice-Premier Li Peng met with a Portuguese entrepreneurs' delegation led by Omar Karim, vice-president of the Industrial Association of Portugal, here today.

At the meeting, the two sides expressed their hope for further expansion of economic and trade relations and cooperation between the two countries.

The delegation arrived here March 16 at the invitation of the China Council for the Promotion of International Trade.

NPC'S ZHU XUEFAN MEETS BRITISH FABIAN DELEGATION

OW091100 Beijing XINHUA in English 1050 GMT 9 Mar 87

[Text] Beijing, March 9 (XINHUA) -- Zhu Xuefan, vice-chairman of the National People's Congress Standing Committee and vice-president of the Association for International Understanding of China, met and feted here today a Fabian Society delegation from Britain led by Lord McIntosh.

HU QILI MEETS CYPRIOT PARTY DELEGATION 14 MAR

OW141326 Beijing XINHUA in English 1302 GMT 14 Mar 87

[Text] Beijing, March 14 (XINHUA) -- Hu Qili, member of the Political Bureau and the Secretariat of the Chinese Communist Party Central Committee, met a delegation from the Cypriot Progressive Party of the Working People here this afternoon.

The delegation is headed by Andreas Fantis, member of the Political Bureau and the Secretariat of the Cypriot Party Central Committee.

Hu and Fantis agreed that the delegation's visit has resumed and further developed the relations between the Chinese and Cypriot parties.

Hu described the delegation as the most important one sent by the Cypriot Progressive Party of the Working People to China in nearly 30 years.

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During the visit, Hu said, the delegation held long and comradely talks with Chen Pixian, member of the secretariat, and Li Shuzheng, alternate member, of the CPC Central Committee, on the resumption and development of the relations between the two parties and on issues of common interest.

These wide-ranging talks have contributed to the further development of the relations between the two parties, he added.

Fantis said during the visit the two sides discussed issues of concern to the two parties. The Cypriot side has acquainted itself with the grand goals put forward by the Chinese Communist Party and also informed the Chinese side of the Cypriot issue and Cyprus' struggle for independence and sovereignty.

He said his delegation has come to China after the relations between the two parties were suspended for 28 years. He expressed the hope that the visit will mark the beginning of an active relationship between the two parties.

Fantis added that the talks show that the two sides share the sincere desire to advance their relations.

Hu Qili said China and Cyprus had similar sufferings in the past and share the common desire of safeguarding world peace today. They have no fundamental conflict of interests and share common views on many issues.

He also admired the arduous struggle by the Cypriot party in the past several decades.

He said that the delegation's visit has promoted mutual understanding between the two parties. Although there is difference of views on a number of issues, that will not hamper the development of the party-to-party relations, he added.

He hoped the two sides to increase contacts and frequently exchange views on questions of common interest. [sentence as received]

Later, Hu gave a dinner for the delegation which is scheduled to leave for home tomorrow.

ZHANG JINGFU MEETS BELGIAN BUSINESS DELEGATION

OW191347 Beijing XINHUA in English 1302 GMT 19 Mar 87

[Text] Beijing, March 19 (XINHUA) -- Chinese State Councillor Zhang Jingfu met a delegation from the Chamber of Belgian-Chinese Commerce and Industry here today.

The delegation is led by W. Monfils, general inspector of the Belgian office of Foreign Trade, ambassador and honorary representative of the chamber.

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CHEN MUHUA MEETS WITH TOP YUGOSLAV LEADERS

OW181636 Beijing XINHUA in English 1610 GMT 18 Mar 87

[Text] Belgrade, March 18 (XINHUA) -- Relations are good between Yugoslavia and China and their respective communist parties, Stefan Korosec, League member of Communists of Yugoslavia, said today in a meeting with Chinese State Councillor Chen Muhua.

Korosec said top Yugoslav and Chinese leaders have laid a foundation that guarantees the smooth development of the relations between the two countries.

Chen, who is also head of the People's Bank of China, said economic and business relation between the two nations have developed a great deal and added there is potential for further development.

Chen also met Nenad Krekic, secretary of the Federal Secretariat for Foreign Trade, and Svetozar Rikanovic, secretary of the Federal Secretariat for Finance, this morning.

Chen arrived in Yugoslavia March 12 for meetings of the Sino-Yugoslavian Commission on Economic, Scientific and Technological Cooperation.

Concludes Visit, Views Ties

OW200240 Beijing XINHUA in English 0210 GMT 20 Mar 87

[Text] Belgrade, March 19 (XINHUA) -- Chinese State Councillor Chen Muhua ended a week-long visit to Yugoslavia today noting there are good prospects for bilateral trade.

Chen, chairman of the Chinese side of the Sino-Yugoslav Mixed Committee for Economic, Scientific, and Technical Cooperation, met with her Yugoslav counterpart Milos Milosavljevic.

Their latest working session will be an impetus to implement agreements and develop trade, both said after today's meeting.

Sino-Yugoslav trade and economic relations have intensified since the committee was established in 1978, reaching 200 million U.S. dollars last year compared with 80 million dollars worth of trade in 1981.

The experiences of this growth were reviewed and expanded trade was explored at the session as well, they said.

During her stay, Chen met Chairman of the Federal Executive Committee of Yugoslavia Branko Mikulic and other senior officials.

PRC REITERATES DENIAL OF IRAN ARMS SALES

HK190747 Hong Kong AFP in English 0744 GMT 19 Mar 87

[Text] Beijing, March 19 (AFP) -- China on Thursday reiterated that it was not selling arms to Iran following Western reports that Tehran had deployed Chinese-made anti-ship missiles in the Strait of Hormuz.

"China's position of not selling weapons to Iran is consistent and known to all," a Chinese Foreign Ministry spokesman said in a telephone interview.

The spokesman was commenting on Western reports during the past week that Iran had deployed Chinese-built missiles at two sites along the Strait of Hormuz.

A spokesman for the London-based Institute for Strategic Studies said Wednesday that Iran had deployed the [word indistinct] (?version) of the Soviet SS-N-2 missile at the entrance to the strategically-important waterway.

Despite the denials, Western military experts in the Chinese capital said they believed that China had sold weapons to Iran.

"We are on the same wavelength" as the Americans, one of them said, referring to a statement by a U.S. State Department spokesman who said he had "no reason to doubt" U.S. press reports that Iran had deployed anti-ship missiles believed made in China along the strait.

The Western military experts said that China authorized the export of such missiles, known as Styx or HY-2, in 1984.

Besides Iran, China has sold [as received] such missiles to Egypt, Bangladesh, Pakistan and African nations, the experts said.

China has categorically denied selling weapons to Iran and Chinese officials told U.S. Secretary of State George Shultz during a visit to Beijing earlier this month that China had been strictly neutral in the Iran-Iraq war.

Mr Shultz said he had asked China to halt arms sales to Iran, but acknowledged that he failed to make any headway when he told a press conference on March 4 that "we can expect China to proceed as before."

During separate visits to Beijing in February by Iranian Deputy Foreign Minister Javad Larijani and Iranian Deputy Premier Taha Yasin Ramadan, China reiterated its call for an end to the Iran-Iraq war.

According to U.S. press reports citing U.S. intelligence estimates, half a dozen of the missiles capable of sinking oil tankers were seen last month at two sites along the Strait of Hormuz.

The missiles, which have a range of 80 kilometers (50 miles), have reportedly been deployed at the town of Kuhestak and Qeshm Island, near the port of Bandar Abbas, giving Iran the capability of blocking the strait, the only entrance to the Gulf oil route.

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Western experts here said that China had a large number of coastal batteries equipped with the missiles developed by the Soviet Union in the late 1950's and built and improved upon by China since the 1970's.

One Western expert said China had stepped up arms sales to Iran for over a year, despite its repeated denials.

The experts said that China proposes three versions of the missiles to foreign clients -- the HY-2, the HY-26 and the HY-2A, which have different guidance systems.

China ranks among the world's top 10 arms exporters, selling outdated equipment but at bargain prices. Its principal clients are Third World and Middle Eastern nations, experts say.

China has participated in and organized several armaments exhibitions over the past few years.

Premier and Acting Chinese Communist Party Chief Zhao Ziyang said in early November that China sought to develop its technology and arms exports.

DEMOCRATIC YEMENI PRIME MINISTER VISITS ZHUHAI

OW181742 Beijing XINHUA in English 1532 GMT 18 Mar 87

[Text] Guangzhou, March 18 (XINHUA) -- Dr Yasin Sa'id Nu'man, prime minister of the People's Democratic Republic of Yemen, and his party visited factories in the Zhuhai Special Economic Zone (SEZ) here today.

This morning the Yemeni guests visited the Jinhai Electronics Corporation, which can produce 150,000 color television sets annually, and a joint-venture magnetic disc factory. Prime Minister Nu'man showed particular interest in the factory and asked about its production and investment. He was told that the annual production of the factory amounts to 18 million pieces.

The guests also took a boat excursion on the Zhuhai reservoir.

Dr Nu'man and his party travelled to Guangzhou from Zhuhai yesterday.

Meets Zhao, Ends Visit

OW191309 Beijing XINHUA in English 1200 GMT 19 Mar 87

[Text] Guangzhou, March 19 (XINHUA) -- Democratic Yemen Prime Minister Yasin Sa'id Nu'man and his party wound up their eight-day official goodwill visit to China and left here for home by special plane today.

Before the guests left, Wang Tao, Chinese minister of petroleum industry and chairman of the Chinese Government reception committee, conveyed a call of Premier Zhao Ziyang from Beijing.

In the call the Chinese premier said during the prime minister's visit the two sides have exchanged views on issues of common concern and the bilateral relations.

Zhao said that the talks held between the leaders of the two countries have not only promoted mutual understanding and friendship, but also gained positive results.

Nu'man said that his visit has borne positive fruits and strengthened the bilateral friendly relations, adding that he has seen new progress in China.

Seeing the guests off at the airport were Wang Tao, Yang Li, vice-governor of the Guangdong Province, and Lai Zhuyan, vice-mayor of Guangzhou.

ZHANG JINGFU MEETS KUWAITI GUEST, SIGN AGREEMENT

OW191830 Beijing XINHUA in English 1438 GMT 19 Mar 87

[Text] Beijing, March 19 (XINHUA) -- An agreement on a loan for a polypropylene project in Luoyang, Henan Province, central China, between China and the Kuwait fund for Arab economic development was signed here today.

The signatories to the document were Deputy Governor of Henan Province Zhao Zhengfu and Director General of the fund Bader al-Humaidhi.

Chinese State Councillor Zhang Jingfu welcomed al-Humaidhi and his party, and later attended the signing ceremony.

Chinese Minister of Foreign Economic Relations and Trade Zheng Tuobin also met the Kuwaiti visitors earlier today.

Since 1982, the fund has provided China with loans totalling 240 million U.S. dollars, which have been used for nine projects.

ZHU LIANG HOSTS CHADIAN UNION DELEGATION

OW261250 Beijing XINHUA in English 1238 GMT 26 Feb 87

[Text] Beijing, February 26 (XINHUA) -- Zhu Liang, head of the International Liaison Department of the Central Committee of the Chinese Communist Party, met and feted a delegation from the National Independence and Revolution Union of Chad here this evening.

The delegation, led by Moussa Seif Adoum, member of the union's Executive Bureau and minister of mines and energy, arrived here this morning.

On behalf of the Chinese Communist Party, Zhu extended welcome to the first delegation from the union to visit China. He spoke highly of the achievements scored by the Chadian people under the leadership of President Hisssein Habre.

Seif Adoum thanked the Chinese Communist Party for inviting the delegation and expressed his wish for constant development of the Chad-China friendly relations.

Tian Jiyun Meets Delegation

OW081238 Beijing XINHUA in English 1214 GMT 8 Mar 87

[Text] Beijing, March 8 (XINHUA) -- Tian Jiyun, member of the Political Bureau and secretariat of the Chinese Communist Party (CPC) Central Committee and vice-premier of the State Council, said here today that Chad's internal affairs should be handled by the Chad people themselves.

Tian expressed the hope that differences among African countries will be settled through peaceful negotiations and friendly consultations.

He also reiterated China's support to the Third World countries in safeguarding their national independence and developing their national economies.

Tian made these statements during an hour-long meeting with a delegation from Chad's ruling party, the National Union for Independence and Revolution (NUIR), today.

The delegation, led by Moussa Seif Adoum, member of the Executive Bureau of the NUIR Central Committee and minister of mines and energy, arrived here on February 26 at the invitation of the CPC Central Committee.

Tian extended welcome to the delegation, the first to visit China sent by NUIR.

He said that China and Chad belong to the Third World and the two peoples have profound sentiments for each other. He praised the Chad people, under the leadership of President Hissain Habre, for their achievements in developing the national economy and safeguarding their national independence.

Adoum said that the NUIR Central Committee and its chairman, Habre, attach great importance to establishing and developing relations with the Chinese Communist Party and hope these relations will grow and be fruitful.

He said that NUIR and the Chad Government work for national reconciliation and have made successes in various fields.

Adoum presented a letter from Habre to Zhao Ziyang, acting general secretary of the CPC Central Committee.

Tian Jiyun asked Adoum to convey to Habre the best wishes from Zhao Ziyang and Chinese President Li Xiannian.

After the meeting, Tian gave a luncheon in honor of the visitors.

NPC STANDING COMMITTEE MEETING CONCLUDES 19 MAR

Summary

OW192123 Beijing XINHUA Domestic Service in Chinese 1230 GMT 19 Mar 87

[Text] Beijing, 19 Mar (XINHUA) -- The 20th meeting of the Sixth NPC Standing Committee ended at the Great Hall of the People this afternoon. The committee voted on the several motions under examination at the meeting.

NPC Standing Committee Chairman Peng Zhen attended today's meeting.

A total of 123 deputies attended today's meeting constituting a quorum.

NPC Standing Committee Vice Chairman Chen Pixian presided over today's meeting.

The NPC Law Committee made revisions in the draft of regulation governing village committees in compliance with suggestions offered by Standing Committee members, and submitted its report to the joint group meeting. After being studied by the NPC Standing Committee Executive Council and with the concurrence of the joint group meeting, today's meeting suggested submitting the draft of regulations to the Fifth Session of the Sixth National People's Congress for deliberation. The meeting today voted to submit the draft of regulations governing village committees to the Fifth Session of the Sixth National People's Congress for deliberation.

Today's meeting adopted a draft resolution on the election and number of deputies to the Seventh NPC and decided to submit this draft to the Fifth Session of the Sixth National People's Congress for deliberation.

Today's meeting also revised and adopted a draft agenda of the Fifth Session of the Sixth NPC, and agreed to submit this draft agenda to the preliminary meeting of the session for deliberation.

This standing committee meeting conscientiously examined the draft of a law concerning state-owned industrial enterprises, and the deputies fully expressed their views. They unanimously held: The decision to implement the factory director responsibility system in state-owned industrial enterprises is an important reform; the factory director responsibility system has proved feasible after three years of experimentation; we must continue to implement this system. The deputies unanimously agreed with most of the provisions of the draft law concerning state-owned industrial enterprises. However, the reform of enterprises is being intensified. We still need to conduct investigation and study and further sum up experience on a number of important issues. The deputies held: Before finalizing the law concerning state-owned industrial enterprises, the factory director responsibility system should continue to be implemented nationwide, and the three regulations on industrial enterprises issued by the CPC Central Committee and the State Council should continue to be observed. Therefore, with the concurrence of the joint group meeting, the NPC Standing Committee Executive Council suggested not to submit the draft law concerning state-owned industrial enterprises to the Fifth Session of the Sixth NPC for deliberation. At today's standing committee meeting, the deputies agreed with the suggestion made by the executive council and decided not to submit this draft to the Fifth Session of the Sixth NPC for deliberation.

The meeting approved a draft of the list of presidium members and secretaries general of the Fifth Session of the Sixth NPC, and decided to submit this draft list to the preliminary meeting of the session for election. The meeting also approved a report on the investigation of the qualification of the newly-elected deputies to the Sixth NPC, and adopt a report on the results of deputies' proposals handed down to the NPC Nationalities Committee by the Presidium of the Fourth Session of the Sixth NPC.

The meeting agreed in principle with the report on the work of the current NPC Standing Committee and decided to entrust Chen Pixian, vice chairman of the standing committee, to preside over the report's revision on the basis of the opinions put forward by the deputies, and submit it to the Fifth Session of the Sixth NPC for deliberation after approval by the Executive Council.

The meeting also approved a number of appointments and removals.

Attending the meeting were NPC Standing Committee Vice Chairmen Wei Guoqing, Geng Biao, Peng Chong, Wang Renzhong, Zhu Xuefan, Ngai Ngawangjigme, Banqen Erdini Qoigyi Gyancan, Zhou Gucheng, Yan Jici, Rong Yiren, Ye Fei, Liao Hansheng, Huang Hua and Chu Tunan.

Also present at the meeting as observers were Vice Premier Qiao Shi; President of the Supreme People's Court Zheng Tianzhang; and Procurator General of the Supreme People's Procuratorate Yang Yichen.

Announces Appointments

GW192313 Beijing XINHUA Domestic Service in Chinese 1143 GMT 19 Mar 87

[Text] Beijing, 19 Mar (XINHUA) -- The list of appointments and removals announced by 20th Meeting of the 6th NPC Standing Committee on 19 March 1987:

1. Song Yating has been appointed chief judge of the Second Criminal Division of the Supreme People's Court.

Zhang Zhigang [1728 1807 0474] has been appointed deputy chief judge of the Second Criminal Division of the Supreme People's Court.

Lin Huinong [2651 1920 6593] (female), Wu Xunsong [0702 3169 2646], Ma Jian [7456 0256] (female), Li Guoqin [2621 0948 0530] (female), and Ma Xiaoqiao [7456 1321 1997] judges of the Supreme People's Court.

2. Sun Wanzhong has been removed from his post as member of the judicial committee and chief judge of the Second Criminal Division of the Supreme People's Court.

Song Yating and Shen Jian [3088 1696] have been removed from their posts as deputy chief judges of the Second Criminal Division of the Supreme People's Court.

Lin Zhenxin [2612 1639 3843], Zhu Guangrui [2612 1639 3843], and Wu Chunrui [0702 2504 3843] have been removed from their posts as judges of the Supreme People's Court.

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3. Chen Tan has been removed from his post as President of the Higher Railway Transport Court. Li Runbo and Du Jianmin have been removed from their posts as vice presidents of the Higher Railway Transport Court.

4. Lin Zian [5677 1311 134] has been removed from his post as procurator-general of the Railway Transport Procuratorate.

Yuan Gongwen [5913 1872 4489] has been removed from his post as deputy procurator-general of the Railway Transport Procuratorate.

Releases New Deputy List

OW200329 Beijing XINHUA Domestic Service in Chinese 1150 GMT 19 Mar 87

[Text] Beijing, 19 Mar (XINHUA) -- The Public Notice of the Standing Committee of the National People's Congress.

Five deputies to the NPC have passed away since the 18th Session of the Sixth NPC Standing Committee. They were Shanghai Municipality's Li Ruifu, Anhui's Ding Zhi, Jiangxi's Cai Guanlin, Hubei's Tu Jiantang, and Xinjiang Uygur Autonomous Region's Yu Zhanlin (Hui nationality). Three deputies have been recalled by the unit which elected them. They were the Chinese PLA's Liu Hengzuo, Li Jijing, and Kang Xinghuo.

The above shows that eight deputies should be additionally elected. Besides these, 15 deputies had passed away or been recalled before the 18th Session of the Sixth NPC Standing Committee, and their replacements have not been elected yet. Therefore, a total of 23 deputies should be additionally elected.

The original electoral units have additionally elected 15 deputies to the Sixth NPC. The NPC Standing Committee consents to the Credentials Committee's report on examining the additionally elected deputies' credentials and confirms the credentials of the additionally-elected deputies to the Sixth NPC as valid. The following is the namelist of the 15 additionally-elected deputies to the Sixth NPC:

Hebei's Zhao Yan [6392 3601] (female); Shanxi's Li Chunlin [2621 2504 2651] (female); and Miao Hunman [5379 3236 4221]; Jilin's Sun Shuchang [1327 6615 2490], and Cao Dexiang [7559 1795 4382]; Shanghai Municipality's Xu Peng [1776 7720]; Jiangsu's Cai Qinyue [2575 2953 1471], and Tang Nianci [0781 1819 1964]; Zhejiang's Feng Zhijun [7058 0037 3182] (Hui nationality), and Cai Yijiang [5591 5030 3068]; Anhui's Wang Guangyu [3769 0342 1342]; Sichuan's Li Lemin [2621 2867 3046], and Yang Dongqiao [2799 2639 0829]; Xinjiang Uygur Autonomous Region's Gao Wenxiang [1427 2429 4382] (Hui nationality); and the Chinese PLA's Cao Shuangming [2580 7175 2494].

The number of deputies to the Sixth NPC is 2,978. The number of existing deputies is 2,970.

[signed] The Standing Committee of the NPC

[dated] 19 March 1987.

Approves Guangdong Procurator

OW200313 Beijing XINHUA Domestic Service in Chinese 1156 GMT 19 Mar 87

[Text] Beijing, 19 Mar (XINHUA) -- Namelist of appointment and removal approved by the NPC Standing Committee.

Adopted by the 20th meeting of the 6th NPC Standing Committee on 19 March 1987.

Appointment of Xiao Yang [5618 2254] as the chief procurator of the Guangdong Provincial People's Procuratorate.

Removal of Zhao Lian from the post of chief procurator of the Guangdong Provincial People's Procuratorate.

CPPCC Members Address Session

OW191345 Beijing XINHUA Domestic Service in Chinese 0841 GMT 19 Mar 87

[Text] Beijing, 19 Mar (XINHUA) -- The 14th Session of the Standing Committee of the 6th CPPCC National Committee met on 18 and 19 March to hear speeches by Standing Committee members, who expressed their views on the current economic situation, opposing bourgeois liberalization, vigorously promoting education and strengthening ideological and political education among juveniles, and other questions.

Standing Committee members who made speeches at the meetings were Qian Weichang, Lei Tianjue, Zhang Shiming, Fang Rongxin, Huang Dingchen, Lan Jiang, Guo Weicheng, Wang Dezhaoh, Chen Shunli, Guan Wenwei, Tan Tiwu, Zhao Zhongyao (written speech), Su Ziheng, Cheng Siyuan, Tan Yizhi, Zhang Guangdou, Hao Yichun, and Liu Haisu.

Speaking on the economic situation, they agreed with Premier Zhao Ziyang's speech on the need to control the "overheated economy" and to "compress consumerism" in economic construction. They expressed the hope that the relevant departments would take active measures to earnestly carry out the campaign to increase production, practice economy, increase revenue, and trim spending; to curtail construction projects not included in state or local government plans to ensure the execution of those projects included in these plans; to curtail nonproductive projects to ensure the execution of productive projects; and to curtail nonessential projects to ensure the execution of key projects. The Standing Committee members pointed out: We must publicize and implement well the policy of building the nation through hard work and thrift and resolutely oppose extravagance and waste. They said: With the deepening of reform and the implementation of the policy of developing the economy steadily and on a long-term basis, our economic situation will certainly improve.

In their speeches, the Standing Committee members held: Comrade Zhao Ziyang pointed out in his speech that the problem to be solved through opposing bourgeois liberalization is one of political orientation and principle. This is very correct. They held: Opposing bourgeois liberalization is a long-term task which is of great significance to upholding the four cardinal principles, ensuring the nation's long-term stability, and promoting the smooth implementation of reform and construction. They pointed out that great progress has been achieved in socialist democracy since the 3d Plenary Session of the 11th CPC Central Committee. [paragraph continues]

The fact that committee members dare to speak the truth freely at CPPCC meetings is a clear proof of this. We must cherish socialist democracy and safeguard the political situation of stability and unity.

The Standing Committee members pointed out: All sectors of society must cooperate closely to make juvenile education a success. It is an essential and urgent task to strengthen ideological and political work among juveniles. However, we must improve our methods so that the work will be practical, convincing, and have a clear objective. We must resist and criticize erroneous ideas by taking a clear-cut stand. Many Standing Committee members suggested that we should educate juveniles in patriotism, ideals, and morality in various ways. It is necessary to educate juveniles on traditions by using the history and culture of the Chinese nation.

Speaking on education, the Standing Committee members pointed out: Building a modern socialist country with Chinese characteristics requires vigorous efforts to promote education and train qualified personnel. All sectors of society must give vigorous support to education, and the government should provide the necessary guarantees in financial and other areas.

Cheng Zihua, Fei Xiaotong, and Zhao Puchu, vice chairmen of the CPPCC National Committee, presided over yesterday's and today's meetings.

DEPARTMENTS RESPOND TO MOTIONS RAISED AT NPC

OW191759 Beijing XINHUA in English 1526 GMT 19 Mar 87

[Text] Beijing, March 19 (XINHUA) -- A special group for the technical examination of imported precision instruments is being organized by the State Science and Technology Commission.

The State Machinery Commission and the State Science and Technology Commission are joining forces to work out a program for precision instruments development, and to assign the China National Instruments and Meters Association and relevant social sectors the responsibility of training personnel in the field.

The action, aimed at developing the country's precision instruments industry, was taken after a motion raised by deputies to the National People's Congress.

Yao Jinzhong and 33 other deputies to the congress proposed a motion calling for the rapid development of the country's precision instruments industry.

In reply, the State Machinery Commission promised to establish a joint office with the Electronics Ministry for developing medical instruments and automated office work.

During the fourth session of the Sixth National People's Congress, held last March, deputies raised 260 motions, of which 50 were handled by four special committees of the national people's congress. The other 215 motions, actually suggestions, criticisms and proposals on government work, have been handled by 73 ministries and commissions under the State Council and other relevant departments. Replies to these motions have been addressed to the relevant deputies or provincial delegations.

Questions raised in 99 motions have been solved or are now being acted upon, and mainly concern developing forestry, energy production, railway construction and public health.

The State Planning Commission and the state machinery commission have established a group in charge of reforming the electric power industry's structure, and are also working out measures to make it possible for the country to generate 550 billion kwhs of electricity by 1990.

An additional 82 motions which are too complicated and involve various fields will be handled gradually, according to the 20th meeting of the NPC Standing Committee. In reply to the motion calling for formulation of an "anti-waste law," the Legal Affairs Bureau of the State Council considered it "immature" to issue a law at present, but says attention will be given to the matter in the future in drafting other regulations.

Another 16 motions have been serving as "references" for future work, including a motion calling for a special newspaper entitled Chinese Nationalities. The State Nationalities Affairs Commission considers the motion valuable to strengthening nationalities work.

Questions contained in some motions have been labelled "hard to solve at present," but they have been explained to relevant deputies and delegations, according to the 20th meeting of the NPC Standing Committee.

JOURNAL URGES TELEVISIONING NPC PROCEEDINGS

HK200256 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0938 GMT 19 Mar 87

[Report from Beijing: "Monthly 'MINZHU YU FAZHI' (DEMOCRACY AND LEGALITY -- 3046 0031 0735 4099 3112) Calls for Making NPC Proceedings Known to the Public"]

[Text] Hong Kong, 19 Mar (ZHONGGUO TONGXUN SHE) -- On the eve of the Fifth Session of the Sixth NPC, an authoritative journal of China suggested that millions and millions of citizens be allowed to "audit" all proceedings of the forthcoming meeting. In an article carried in its March issue, the monthly "MINZHU YU FAZHI" said: A high degree of democracy is one of the great goals of socialism. At present, a necessary and possible step toward the goal is to enable millions and millions of citizens to "audit" NPC meetings (including meetings of its Standing Committee) through television and other public media. This will help the people strengthen their sense of being a citizen and facilitate the reform and improvement of the People's Congress system.

The article pointed out: At present there are two ways to make all proceedings of the NPC meetings public. First, the Central Television Station and the Central People's Broadcasting Station may offer live coverage of the meeting. All citizens who are free and are interested will have the chance to "audit" all proceedings of the meeting. At the same time, all newspapers may cover the meeting in a systematical way or report major proceedings of the meeting. Second, all those who ask for the floor should complete their speaking notes within three days and make them public through the "bulletin of the NPC Standing Committee."

When recalling the 17th Session of the 6th NPC Standing Committee, the article pointed out: When the session discussed the enterprise bankruptcy law, the fierce and heated debate was televised live to all corners of the country. That evoked strong repercussions in millions and millions of citizens because it was the first time they were able to audit a debate in the state's highest legislature through television. In their opinion, "the practice has narrowed the distance between NPC deputies and the masses of the people" and "has stimulated the people's political enthusiasm." They also "hoped this would be the first step."

JIEFANGJUN BAO SCORES 'SEX LITERATURE'

HK190817 Beijing JIEFANGJUN BAO in Chinese 11 Mar 87 p 3

[Article by Zhao Zhongfan (6392 1813 5400): "Faced With the Vogue of 'Sex Literature'"]

[Text] Some people say that the 1980's are an era of "fads." Among the party and government organs, the "fad of setting up companies," the "fad of going abroad," and the "fad of importing coupes" have been in vogue. Among the stylish youths, the "fad for jeans," the "fad for sunglasses," and the "fad for discos" have been all the rage. In the literary arena, trends include: the "fad for stream of consciousness," the "fad for obscure poems," the "fad for black humor," and so forth. Over the past few years, descriptions of sexual thoughts and acts have also become a "fad." One author writes of kissing while another writes of the breasts; one author writes of extramarital love while another writes of incest; one author writes of adultery while another writes of the love affairs of virgin middle school students and even describes a naive middle school student as a veteran in love affairs; one author exaggerates the delights of the bed while another portrays the pleasures of illicit copulation. Not all works dealing with sex should be criticized, but it is true that many of them have had a bad influence on, and are harmful to, youths. Even Minister of Culture and noted writer Wang Meng had been forced to adopt measures of "hiding his books" at home. Needless to say, the people are boiling with resentment, and the youths' parents and teachers are pouring out endless complaints.

Many of the works dealing with sex have emerged under the pretext of "breaking through a restricted zone" and "exploring a new path." True, there should not be man-made restricted zones in the field of literary creation. Sexual psychology, thoughts and acts, as a normal biological movement of mankind and as a part of social life, are not disallowed to be treated as a topic in literary creation. Works dealing with this topic are welcomed by the people as long as this topic is needed as a healthy theme in these works and exists as an organic part of the works and as long as these works are conducive to the readers in heightening their aesthetic values and cultivating noble ethics and make searching inquiries in this respect. As a matter of fact, some writers have made useful attempts some time ago and their works have played a solemn role in criticizing the feudal ideas and disclosing the ignorance of sex. However, breaking through a restricted zone does not mean that the restricted zone becomes a new continent for literary creation and there is no need for everyone to go headlong into it as in a gold rush. At the most, sexual life is only one part of daily life. When an author gives lengthy and tedious descriptions of sexual thoughts and acts, the readers cannot but ask: Is there something wrong with his aesthetic values?

Another pretext for the unruly publication of works dealing with sex is the daring to "oppose feudalism." [paragraph continues]

The Chinese feudal society had a history of a thousand years. Its concept of chastity and moral code are suppressing the normal human feelings and trampling on normal human affection and needs and are still influencing our life. Certainly, it should be denounced and cleaned up. However, what about some of the works which flaunt the banner of "opposing feudalism." In an appreciative tone, they describe the young people's premarital sexual acts. In a sympathetic tone, they portray abnormal extramarital love. With the naturalistic skills, they unaffectedly depict the acts in bed and even incestuous acts... They had better not violate the revolutionary slogan of "opposing feudalism." An appropriate charge on them is that they oppose the traditional virtues of the Chinese nation and oppose the socialist moral code. People undoubtedly despise this sort of "opposition to feudalism."

Furthermore, when an author has chosen a solemn theme with social significance, and when he comes to the content concerning sex, he is faced with the question of how to express it. Some people advocate "truly reflecting social life." Actually, in the sphere of literary creation, facts usually do not mean truth. Mr Lu Xun once used vivid metaphor when he talked about aesthetics in painting. He said: People do not paint a face with boils or a person sitting on a toilet, because this is not nice-looking, even though these things do exist. Literature means humane studies and aesthetics and is neither physiology nor a study of private parts. In particular, one of the principles of socialist literary creation is to let the readers enjoy beauty and to help them purify their innermost being. In this sense, it rejects the naturalistic description of sexual scenes aiming only at sensory excitement. In terms of artistic skills, implication is valued and straightforwardness avoided in literature and art. In "Dream of the Red Mansion" and other Chinese and foreign successful literary works, the description of sexual scenes has its solemn and profound meaning and has proper limits, and in no way is so straightforward. The scenes are not dealt with at great length and the work does not resort to voluptuousness and arousing amorous desires, as in some other works.

The emergence of large numbers of works dealing with sex is closely related to our unanalytical import and acceptance of Sigmund Freud's theories of "profound consciousness" and "sexual psychology." We do not deny that man has subconsciousness and sexual desire. Freud's analysis of the mind is valuable. However, in literary creation, the mechanical use of Freud's theories to describe man's subconsciousness and sexual desire as the ultimate of human nature is unacceptable. The reason is that human beings became social persons once they broke away from the animal kingdom. The material desires, natural properties and animal instincts which they still have can in no way reflect human nature. Social consciousness can best reflect man's nature and the depth of man's consciousness. This problem has already been resolved in the classical Marxist-Leninist works. Marx' scientific thesis that man is the sum total of all social relations has expounded the relationship of dialectical unity between a natural man and a social man. If things closer to the animal instincts can better reflect man's profound consciousness and should all the more be described at great length, then literature as the "humanities" will degenerate into be "sexology" and "zoology"! This is absurd. Writers of promise doubtlessly should extricate themselves from the vulgar and narrow literary tastes of showing concern only for the spot "3 inches below the navel" as Xu Lun had always denounced. They should look at the broad field of social life, take part in the great cause of the 4 modernizations, and draw inspiration from our long, glorious history.

EXPELLED INTELLECTUALS FREE TO ATTEND FORUMS

OW170941 Beijing BEIJING REVIEW in English 9 Mar 87 p 4

["Notes From the Editors" by An Zhiguo: "Are Intellectuals Being Suppressed?"]

[Text] On February 28, physics Professor Fang Lizhi, who was removed as vice-president of Hefei's China University of Science and Technology and expelled from the party in early January, delivered a report on "The Progress of Modern Cosmology" at the quadrennial meeting of the China Physics Society. The event has aroused widespread interest both at home and abroad.

One foreigner who recently arrived in Beijing said he has discovered that the situation in China is totally different from reports he had read abroad that China seemed to be launching another Cultural Revolution and that intellectuals would suffer again. He said he now considered his fears imaginary.

Chinese leaders have stated over and over again that the struggle against bourgeois liberalization is directed only at a handful of people who oppose the communist-led socialist system and advocate capitalism, that it was absolutely not against intellectuals, that the struggle would be strictly limited to the party, and that the policies of reform and openness would not change. Nevertheless, some Western media are still spreading their own speculations. One important reason is that some Western observers lack adequate understanding of China and often rely on preconceived ideas.

What is the reality? It is true that when the struggle against bourgeois liberalization began, many intellectuals felt it had come suddenly and some were rather puzzled. But as more facts have been published, especially after the party's policies were announced, intellectuals in general reacted positively. Intellectuals on the mainland today do not feel constrained. They are working and living as usual and the situation is stable. Over the last two months, only Wang Ruowang, Fang Lizhi and Liu Binyan have been criticized by name publicly and expelled from the party because they persisted in trumpeting bourgeois liberalization.

No extreme policies have been adopted against these three persons. The party and government hoped that they could correct their mistakes and have helped them to do so.

They have also been given an opportunity to bring their special skill into full play.

Fang Lizhi was transferred to Beijing from Hefei. He continues as a member of the Chinese Academy of Sciences and was recently made a research fellow of the Beijing Astronomical Observatory.

Guan Weiyan was discharged from his post as president of the university of Hefei because of his serious neglect of duty in remaining indifferent to Fang Lizhi's advocacy of "complete Westernization" and in Fang's instigating student unrest on the campus. He, too, is now in Beijing, where he continues as a member of the Chinese Academy of Sciences and as vice-chairman of the Academic Committee of the Physics Research Institute. He is now engaged in low-temperature physics research work, including research on a new superconductor. He attended a recent press conference on this breakthrough and has been interviewed by the press about it. As vice-chairman of the academic committee, Guan is also taking part in the institute's triennial assessment and readjustment of research topics. [paragraph continues]

He is also serving as tutor to two doctoral graduate students.

Two writers who were expelled from the party in January, Wang Ruowang and Liu Binyan, recently appeared at the Spring Festival and Lantern Festival get-togethers of literary and artistic circles in Shanghai and Beijing, although newspapers are still publishing articles criticizing them.

In the history of the Chinese Communist Party, there have indeed been instances of "ruthless struggles and merciless blows" aimed at those seen as having committed errors. There were also cases in which intellectuals were attacked and persecuted by the gang of four and other bad elements and as a result of the "leftist" mistakes. These historical lessons have taught people not to repeat such stupidity. Since the Third Plenary Session of the 11th CPC Central Committee at the end of 1978, the status of intellectuals has changed and they have been publicly acknowledged as part of the working class.

To ensure the purity of the party organizations and enforce strict party discipline, it is necessary to expel a few individuals who are party members but oppose its leadership, program, and line. However, these individuals still enjoy all the lawful rights of Chinese citizens. The adoption of such appropriate policies towards those who have committed serious mistakes precisely demonstrates the Chinese Communist Party's strength, confidence and political maturity.

The struggle against bourgeois liberalization will not affect the party's policy towards intellectuals or its policy of respecting knowledge and talented people. The policy of "letting a hundred flowers bloom and a hundred schools of thought contend" will not change. Different academic and artistic views will be settled by normal methods of discussion, criticism and counter-criticism and by abiding by the provisions of China's Constitution.

ENTERPRISES EDUCATE WORKERS ON ANTILIBERALISM

OW170943 Beijing BEIJING REVIEW in English 16 Mar 87 p 7

[Text] At present, Chinese enterprises are conducting political education for their workers in upholding the four cardinal principles and in opposing bourgeois liberalization. But they are urged to acquire a clear understanding of the following points:

1. Advocating the factory director responsibility system does not mean weakening and negating the leadership of the party, nor does it mean advocating bourgeois liberalization. Rather it is to emphasize the supervisory role of the party organizations in the enterprises, strengthen the party's political and ideological work in the enterprises, and uphold the socialist orientation.
2. The enterprise reforms and experiments such as leasing and the contract responsibility system are meant to invigorate enterprises through the division of the enterprises' ownership and operation. They are not meant to follow the capitalist road, nor are they manifestations of the trend towards bourgeois liberalization. On the contrary, they represent a useful means of exploration in finding a road to build socialism with unique Chinese characteristics.
3. The import of technology, investment, trained personnel and useful managerial know-how cannot be equated with "complete Westernization." It is to step up China's socialist modernization drive and uphold the fundamental state policy of opening to the outside world.

4. The opposition to bourgeois liberalization does not mean a negation of socialist democracy, but is intended to further develop it, and strengthen the positions and roles of the workers as masters of the enterprises.

5. Criticisms by the workers and staff of bureaucracy and of unhealthy tendencies among officials, and workers' just demands to safeguard their lawful rights cannot be considered a tendency towards bourgeois liberalization. Officials must not use the policy of opposition to bourgeois liberalization as a pretext to suppress workers' criticisms and turn down their just demands.

6. Disciplinary problems among workers and staff should be solved through ideological education and administrative measures. They cannot be linked with bourgeois liberalization. The workers should not be criticized under the pretext of opposing bourgeois liberalization.

RENMIN RIBAO ON FAME, POWER OF YOUNG CADRES

HK191509 Beijing RENMIN RIBAO in Chinese 14 Mar 87 p 4

[Article by Zhu Yan (2612 1484): "Young Cadres Should Take a Correct Attitude Toward Fame, Position, and Power"]

[Text] Since 1982, large numbers of young and middle aged cadres throughout the country have been promoted to leading posts, adding new vitality to the leading bodies. The majority of these comrades have loyally and vigorously implemented the party's line, principles, and policies; upheld the four cardinal principles; promoted reform, opening up, and construction; displayed their strong points in practice; and made contributions to the building of socialist spiritual and material civilization. We must fully affirm the principal aspects of young cadres. However, a handful of comrades have failed to withstand the tests of fame, position, and power after being promoted to leading posts. Some of them have even violated discipline and law. Although these instances are rare, they merit our attention.

A leading comrade of the central authorities pointed out recently that young cadres should adopt a correct attitude toward fame, position, and power; be just and fair; never play politics; and never form a small coterie or get up to little tricks. The strong points of some young cadres are outstanding. However, they have either failed or have not passed this test. A cadre, a young one in particular, should deal with the question of keeping sober-minded, setting strict demands on himself, and properly fulfilling the duties following the change of his position from an ordinary post to a leading post, from a low level leading post to a high level leading post, or from a technical post to a party and government leading post. To be worthy successors to the socialist modernization program, young cadres in the new period should uphold the four cardinal principles, adhere to the policy of reform and opening up, and make their due contributions to the party and people. This is no easy job. Apart from the necessary knowledge and ability of leadership required for fulfilling the duties of relevant posts, they should have fine political quality, withstand various tests, and adopt a correct attitude toward fame, position, and power.

After taking up leading posts, young cadres have done some work and gradually gained reputations. If they cannot adopt a correct attitude toward this, it will produce a negative effect or even lead to perilous consequences. [paragraph continues]

Young cadres should create the reality that will fit the name, be worth of their title, and never seek an undeserved reputation. They should also adopt a correct attitude toward honor and achievements. Reputation and contributions cannot be always identical. An individual should never work for fame, still less seek an undeserved reputation. In the history of Chinese revolution, countless revolutionary martyrs sacrificed their lives for the liberation cause of the Chinese people, yet only a small number of them have left their illustrious names. Today, are the PLA soldiers charging forward and fighting bloody battles at the Laoshan front for their personal fame? Large numbers of cadres and masses are making their due contributions at ordinary posts without attracting public attention. It is a virtue to be willing to be an unknown hero. This virtue is particularly necessary for leaders. When they have made some achievements and gained honor, they should think more of the party's nurture and the support of the people, and put themselves in a correct relationship to the organization and masses.

Regarding young cadres, promotion means that their responsibilities are heavier and that the party and people have set higher and stricter demands on them. However, a man's original level of thinking and policy and his ability to organize and exercise leadership will not be raised naturally with his promotion. Some young cadres have failed to adapt themselves to the new posts after being promoted. This shows that there is a gap between a man's level and ability and the requirements needed for the posts undertaken by him. If we fail to make efforts to reduce this gap and are complacent and conservative, it will be difficult for us to make progress.

The masses assess a leading cadre from his contributions made to the prosperity of the country and people rather than his rank and post. Having been promoted to a relatively high level, some young cadres should have done their work in earnest and tried by every means to correct their shortcomings. However, they became swollen-headed and sought ways to get higher positions. If we fail to correct this erroneous idea, we will make grave mistakes sooner or later. Young cadres of promise should focus their attention on work rather than pursuing high positions.

Leading cadres at all levels have relevant power related to their posts. It is extremely important to adopt a correct attitude toward and properly exercise their power. The key to properly handling this question lies in establishing the purpose of wholeheartedly serving the people and using their power to seek benefits for the people. With higher positions and greater power, young cadres should do their utmost to work for the interests of the people. Since the 3d Plenary Session of the 11th CPC Central Committee, our party has formulated the line based on upholding the four cardinal principles and adhering to the policy of reform, opening up, and invigorating the domestic economy which is the concentrated expression of the common will of the people of all nationalities throughout the country. It is the responsibility of young cadres to properly use their power to comprehensively and correctly implement this line. The party and people will never allow those who take advantage of their power to resort to boasting, flattery, and touting; practice fraud and deceive superiors and delude subordinates; play politics and get up to little tricks; appoint people by favoritism and form a small coterie; or even abuse power and violate the principles of party spirit.

Party cadres should be unselfish and willing to sacrifice their lives for realizing communism and the common ideals of the people of all nationalities. This requirement does not negate personal interests. However, we should fight against ideas and practices that put personal interests above those of the state and nation. According to the CPC Central Committee resolution on the principles guiding the building of socialist spiritual civilization, we should proceed from the interests of society, the state, and people in whatever we do. [paragraph continues]

We should not allow the practices of serving the people merely in words, but actually pursuing personal gains. How to correctly handle the relations between personal interests and interests of the state and people still remains a question to be seriously dealt with by every comrade. Why are some comrades swayed by considerations of gains and losses in their attitude toward reform and why do they bear a grudge whenever their personal interests are touched? In the final analysis, it is because they have thought more of their personal "interests" and less of the interests of the state and people. For this reason, it is particularly necessary at present to encourage large numbers of cadres to carry forward the lofty spirit of selflessness and dedication.

In the final analysis, the question of adopting a correct attitude toward fame, position, and power is a matter of enhancing party spirit. Naturally, cultivation of party spirit requires a long process which is a life-long matter for a party member. No one is free from making mistakes while doing work. When a person makes a mistake, he should accept criticisms sincerely, draw a lesson, and resolutely correct it. If party leaders treat the question of fame, position, and power blindly and cannot regularly use the principles of party spirit to set strict demands on themselves, it will be impossible for them to keep sober-minded politically and to handle the relations between themselves and the organization correctly. Consequently, they will harm the party's undertaking and themselves as well. Those who have withstood the tests of fame, position, and power can at all times and under any circumstances stick to the correct political orientation, maintain their enthusiasm for work, and courageously fight against the practices that run counter to and harm the interests of the party and people. Young cadres should strive to pass the tests of fame, position, and power. In the practice of implementing the party's line and safeguarding the people's interests, they should temper themselves and become politically matured.

COMMENTATOR VIEWS ECONOMIC ASSOCIATIONS

HK191429 Beijing NONGMIN RIBAO in Chinese 13 Mar 87 p 1

[Commentator's article: "Develop Various Forms of Economic Associations -- Ninth Talk on Deepening the Rural Reforms"]

[Text] In the past few years, various forms of economic associations of non agricultural nature have appeared in the rural areas. They include non agricultural enterprises set up by township- and village-run cooperative economic organizations, small economic associations established by different peasant households, and a large number of lateral economic associations comprising agriculture, industry, and commerce, and those between urban and rural areas and between different regions regardless of administrative divisions and different systems of ownership. At the same time, the joint-stock system has begun to be introduced in these economic associations.

These economic associations have achieved certain results by breaking the bounds of individual and household operations. These associations do not want to turn over all property to the public and change the property ownership to link the interests of the collective and the individual in harmony. This fully embodies the principles of voluntary participation and mutual benefit. The force at the core of these associations mainly comprises those who know technology and business or key enterprises. This contributes to forming and consolidating these associations and giving full play to the role of key enterprises and those who know technology and business. [paragraph continues]

The aforementioned features and advantages provide these associations with great vigor and vitality.

In the 1950's, our party pointed out that peasants were enthusiastic for both developing the private economic sector and promoting mutual cooperation. Facts prove that this estimation is not antiquated. In the course of developing the rural commodity economy, peasants today are still enthusiastic for both developing household and individual business and promoting association for common development in order to learn from others' strong points to offset their weakness. Therefore, we must give them careful guidance. We should not forget the lesson of only stressing peasants' enthusiasm in mutual cooperation and neglecting their enthusiasm in developing the private economic sector in the course of cooperative transformation in both aspects. While encouraging peasants to develop associations, we should pay special attention to protecting their enthusiasm in developing individual and household business.

All forms of economic associations are the outcome of developing the rural commodity economy; they meet the needs of different trades, different economic levels, and different levels of peasant's political consciousness. The appearance of varied forms of economic associations is inevitable. Therefore, allowing the developing of varied forms of economic associations is the party's fundamental and long-term policy. On this point, we must bear in mind the errors we committed in the course of cooperative transformation of agriculture. Allowing the development of varied forms of economic association means giving peasants more choices so that they can select the forms they like and create new forms full of vitality. Leaders at various levels should unify experiences achieved by peasants, recommend the new forms they have created, sum up universal laws, and give them careful guidance to gradually establish relatively standardized regulations and relations regarding property ownership. No one is allowed to go against objective law and wantonly interfere on the side of peasants so as not to repeat the previous practice of forcing them to adopt a unitary form.

BANK TO ARRANGE LOANS FOR URBAN LAND DEVELOPMENT

OW200858 Beijing XINHUA in English 0637 GMT 20 Mar 87

[Text] Beijing, March 20 (XINHUA) -- The People's Construction Bank of China plans to arrange one billion yuan (270 million U.S. dollars) for the construction of residential houses and the development of urban land, today's ECONOMIC DAILY reported.

The fund, which has been approved by the state, will be mainly used to build residential houses in big and medium-sized cities and to renovate older homes.

Non-residential buildings and the development of new residential areas which are not in the state plan will be reduced or controlled.

Last year 21.43 million square meters of commodity houses were built using 3,612 million yuan in loans (more than 97 million U.S. dollars) issued by the construction bank. Some 14.62 million square meters of floor space went on sale, of which nearly two million square meters were sold to individuals, an increase of 106.6 percent over 1985.

XUE MUQIAO VIEWS SOCIALIST COMMODITY ECONOMY

HK180320 Beijing JINGJI RIBAO in Chinese 5 Mar 87 pp 1, 3

[Article by Xue Muqiao (5641 2550 2890): "The Only Way To Build Socialism With Chinese Characteristics"]

[Text] Abstract: Socialist practice over the past decades indicates that eliminating commodity economy too early does not correspond with Marx' historical materialism and hampers continuous development of social productive forces.

A series of reforms since the 3d Plenary Session of the 11th CPC Central Committee corresponds with the objective law of economic development and Marx' historical materialism and have achieved marked results.

Readjusting the unreasonable price structure is the key to the success or failure of China's economic structural reform. Strictly controlling the general demand for social products is the key to smooth progress of the price reform. To conduct socialist emulation, we must, under conditions where the state public ownership is dominant, vigorously develop the economy of collective ownership and allow the economy of individual ownership to develop to a certain extent. [end abstract]

To build socialism with Chinese characteristics, we must combine the basic tenets of Marxism with the practical experience of building socialism in China. This is beyond doubt. But I think we have not yet properly solved the problem of how to combine the two.

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To genuinely combine theory with practice, I think we must earnestly study Marx' historical materialism and the objective law of social development. New social relations of production emerge to meet the needs of the development of productive force. Human society developed from the natural economy to commodity economy, and from small commodity production to socialized mass production. On this basis, mankind established the capitalist relations of production and rapidly developed productive force. However, there exists in capitalism a contradiction between socialized mass production and the private ownership of means of production. The life of the working class has improved remarkably, but the proportion of their labor reward in the total social output value decreases with each passing day. Capitalists live a luxurious life, but the proportion of their consumption to the total amount of their huge profit is becoming smaller with each passing day. This will certainly give rise to the problem of the total output of social products exceeding the general social demands and a periodic economic crisis of overproduction. Recently, capitalists have paid attention to making forecasts, and have limited investment size according to social needs. As a result, a vast amount of funds, production equipment, and labor force have not been fully used. Marx held that the fundamental method for solving this problem is to turn the private ownership into the public ownership in the means of production. In this way, society can upgrade people's living standards according to the pace of the development of production, social products can be used fully, and productive force can develop rapidly. Thus, utopian socialism can turn into scientific socialism. Thus, it is evident that socialism arises to solve the contradiction between socialized masses' production and the private ownership of means of production. Without socialized mass production, there will be no material foundation for the emergence of socialism.

Marx predicted that socialist revolution would first break out in countries where capitalism was highly developed, on the assumption that in those countries the contradiction between socialized mass production and the private ownership of the means of production was sharpest. However, for special political, economic, and social causes, socialist revolution first won victory in Russia where capitalism had only developed to a middle level, and then in China, a semi-feudal and semi-colonial country where capitalism had just started to develop and the natural rural economy still occupied a dominant position. Both the growth rate of production in the Soviet Union before World War II and the growth rate of production in China before the completion of socialist transformation were higher than that in capitalist countries, which fully shows the superiority of socialist system. However, after the completion of socialist transformation in our country, we made a mistake on the problem of whether we should continue to develop commodity production and commodity exchange. We limited the commodity-money relationship too early, attempted to replace commodity production and commodity exchange with planned production and planned distribution, and even used people's communes, which were large in size and collective in nature, to replace socialized mass production that resulted from the development of commodity economy. This kind of "socialist" system hampered, rather than promoted, the development of productive force. The socialist practice over the past decades indicates that attempts to eliminate commodity economy and the commodity-money relationship too early do not correspond with Marx' theory on historical materialism and hamper the continuous development of social productive force.

The 3d Plenary Session of the 12th CPC Central Committee affirmed for the first time that China's socialist economy is a planned commodity economy on the basis of the public ownership of the means of production. This represented a big breakthrough in the Marxist theory on socialist economics. Both Marx and Engels said that in a communist society, highly concentrated planned management can be conducted on the national economy, social products can be distributed according to people's needs, and there will be no commodity-money relationship. After the failure of the Paris Commune, Marx pointed out in his "Critique of the Gotha Programme" that communism should be divided into two stages, and in its elementary stage, namely, socialist stage, social consumer goods should be distributed according to people's work, equal labor should be rewarded equally; the principle of readjusting commodity exchange is applied (both contents and forms have been changed). Regarding product exchange between enterprises, as the socialist society envisaged by Marx is one in which the means of production are owned by the whole society, and all enterprises belong to one owner, so it seems the commodity-money relationship may disappear and planned distribution may replace commodity exchange.

In studying the relationship of social production, Marx often adopted the method of scientific abstraction to grasp the essence of things. For example, in analyzing capitalist society, he abstracted it to the existence of two major classes, namely, the bourgeoisie and the proletariat. However, reality is more complicated. To date, there are still a large number of small producers in all highly developed capitalist countries. In particular, agriculture in many countries still relies mainly on household labor. Marx also adopted a method of an extreme abstraction toward socialist society, assuming that the means of production belong to the whole society in socialist society. Therefore, he only pointed out the principle of remuneration for labor, namely, equal labor exchange for equal products, and ruled out the existence of the commodity-money relationship.

After the October Revolution, under the difficult condition of landlords and bourgeoisie making rebellion, the Soviet Union eliminated the commodity money relationship too early and practiced a war-time communism, seriously jeopardizing production. Lenin was indeed a great Marxist. After putting down the rebellion of landlords and bourgeoisie, he immediately admitted the mistake of practicing war-time communism and restored a new economic policy of commodity money relationship. He called on communist party members to learn doing business, thus swiftly getting the national economy, which was on the brink of bankruptcy, out of difficulty. It is a pity that Lenin died too early, so he did not draw a clear conclusion on whether the economic policy was an expedient during the period of economic restoration, or a necessary stage in the early period of socialist construction.

After the collectivization of agriculture in the Soviet Union in late 1930's and early 1940's, Stalin abolished the new economic policy and used planned production and distribution of socialist products to replace commodity production and distribution, attempting to weaken or cancel commodity production and practicing a Soviet-style planned economy. In his late years, Stalin admitted in his article "Problems of Socialist Economy in the Soviet Union" that due to the existence of two socialist public ownerships in the Soviet Union, commodity exchange between the two kinds of owners still exist and consumers goods must go through the stage of commodity exchange before they are in the hands of consumers. However, on the means of production exchange between state-enterprises, he insisted that as both the buyer and seller belong to the same owner, the means of production were in essence not commodities. Based on this, Stalin held that important means of production must be distributed in a planned way and cannot be exchanged as commodities on the market. For a long time, these views in Stalin's "Problems on Socialist Economy in the Soviet Union" had a great impact on economic work in socialist countries.

II

China started its first 5-year plan in 1953. The first 5-year plan was formulated under the guidance of Soviet economic specialists. Since then, we have all along assumed full responsibility for financial income and expenses of all state-run enterprises and purchased and distributed their products in a unified way according to the Soviet planned economic patterns, and have not treated an enterprise as an independent accounting unit that assumes solo responsibility for its profits and losses. Under this system, enterprises were bereft of much of their vitality, and production efficiency became lower and lower. The products manufactured by enterprises could not meet the increasing and varied demands of the masses, so the improvement of people's livelihood was less significant than that in capitalist countries. While enterprises in capitalist countries competed with each other vigorously, our enterprises stuck to conventions and made no progress. Such socialism cannot defeat capitalism.

In the early period after its liberation, China was an economically undeveloped country, and its rural areas were particularly poor and backward in commodity economy. Under such circumstances, the only way to develop the economy was, on the basis of land reform and abolition of the relationship of feudal exploitation, to vigorously develop commodity economy, to develop commodity exchange between the urban and rural areas, and to gradually bring about socialized mass production combining agriculture, industry, and commerce. During the 3 years of restoration, land reform prompted the thorough emancipation of productive forces. [paragraph continues]

As we rashly developed collectivization of agricultural production during the First 5-Year Plan, agricultural production suffered serious setbacks. The introduction of small production and distribution units from 1961 to 1962 and the implementation of "the 3-level ownership, with the production team as the basic accounting unit" somewhat eased the contradiction between the productive force and the relations of production. In the subsequent 20 years or so, the growth rate of agricultural production was slightly higher than the growth rate of China's population. China adopted the policy of "treating grain as the key link," but the state exercised strict control over grain production, so its grain output increased slowly. In the first 8 years after the founding of the PRC, China's grain output was barely enough to meet its own needs. As a result of continuous increase in urban population, China had to import grain in the 1970's, the maximum grain import volume being 15 million tons at a time. Most peasants had not enough grain to eat, and had to use "melons and vegetable to replace grain." Their living standard was very low.

What superiorities does such socialism have? To overcome the "difficulties caused by the 3 years of natural disasters," in 1961, Anhui and other areas practiced the system of contracting output quotas to households with the production team conducting unified accounting, playing a good role in restoring production. More and more people advocated the system in 1962, but the 10th Plenary Session of the 8th CPC Central Committee held that year strongly criticized the policy of "extension of plots for private use, the extension of free markets, the increase of small enterprises with sole responsibility for their own profits and losses, and the fixing of output quotas based on the individual households," clamping down on the reform in its infancy. Since the 3d Plenary Session of the 11th CPC Central Committee, both the high and low levels of the party have advocated emancipating people's minds and many areas have experimented with the system of contracted household responsibility related to output. However, until the central work conference attended by secretaries of party committees from all provinces and municipalities in August 1980, there were disputes over the system of contracted household responsibility related to output. The central leadership did not make a conclusion, but let all areas carry out pilot projects. Until 1983, the practices in all areas proved that this method was indeed a reform that can promote rapid development of the productive force. In 1984, China's grain output was enough to meet its own needs and it exported instead of importing a large amount of cotton. The achievements made by China in reform focused the attention of the whole world.

The development of commodity production inevitably called for expanding commodity circulation. Before 1978, China's urban shops were exclusively state-run, and rural commerce was operated by supply and marketing cooperatives. As a result, the output of many local and native products in the rural areas decreased because they were marketable, but urban residents could not get these local and native products, thus living a very dull life. Since the 3d Plenary Session of the 11th CPC Central Committee, the state has encouraged people to engage in long-distance transportation and collective-run enterprises and individual operators from the rural areas to market the local and native products and various non-staple foods in towns and cities. Urban and rural markets have since become brisk and active, many urban residents and peasants in some areas where commodity economy is relatively developed have had enough to eat and wear, and began to become better-off. Facts over the past 8 years fully indicate that developing commodity economy is a powerful force in promoting the development of production and upgrading people's living standards, which corresponds with Marx' historical materialism.

With an eye on restricting commodity economy in the past, we adopted the method of requisition purchase, unified purchase, and assigned purchase and the method of rationed purchase by urban residents regarding such agricultural products as grain, cotton, oil, meat, and eggs. The result was that the production and increase of almost all commodities under planned distribution were very difficult. The state had to pay a huge amount of subsidy every year. We are now gradually cancelling the method of planned purchase and planned supply, and are relaxing price control and opening up markets, in a bid to promote production and enrich supplies on the market. Most people in the country now have enough to eat and wear, and are gradually moving to a better-off level. Through so many facts, people have realized more deeply that it is absolutely unrealistic to create a socialism without commodity economy in violation of the objective law of economic development.

Socialism cannot be built on the basis of the natural economy, nor can it be built on the basis of the small commodity economy. It must be built on the basis of socialized mass production. In the early period after the founding of the PRC, there were already a handful of large mechanized industries and some economic networks with large, medium-sized and small cities as their centre and linking with the vast rural areas, forming the initial shape of socialized mass production. It is a pity that from the First 5-Year Plan, we mechanically copied the highly concentrated planned management pattern from the Soviet Union and put the enterprises closely related to the national economy and the people's livelihood under the management of dozens of departments and bureaus set by the central authorities, without lateral ties between the departments and bureaus. Secondary enterprises were under the management of all localities, and there were also no lateral ties between the localities. All enterprises under vertical management of central authorities and enterprises under horizontal management of local authorities were either "large and comprehensive," or "small and comprehensive." An economy of this kind was closed, not open, and had no free market for developing commodity exchange. Thus, the socialized mass production developed from commodity economy was destroyed; all production and exchange must be covered by state plans; and all production and exchanges beyond the state plan must be approved by the higher authorities. Economic situations were changing continuously. In the 1950's, the State Planning Commission continuously revised an annual plan after it was worked out, and "it revised the annual plan all year long," until December. Until the 1970's, the State Planning Commission had to arrange transportation in allocating and transferring some important means of production, such as coal, throughout the country. The commission was often in a terrible fix in dealing with this matter. Consequently, efficiency was low and economic results were poor. This artificial "socialized mass production" certainly hampered the development of productive force and ossified the whole economy. A socialist system can use the larger part of the surplus value previously seized by the bourgeoisie to expand re-production, with a high economic growth rate. However, due to poor economic results, people could not gain practical benefits and their living standard was still very low. Because enterprises had no decisionmaking power and there was no free competition on the market, so the relatively advanced enterprises set up in the 1950's with the help of the Soviet Union have not improved their technology in the past 30 years and their equipment has now become obsolete and backward. Old enterprises were even more worn-out. Their products "remained the same for 30 years," and they were unable to replace old products with new ones, unlike enterprises in capitalist countries. Therefore, people lived a simple life and only hoped to have enough to eat and wear. Most peasants did not have enough food and clothing.

Since the 3d Plenary Session of the 11th CPC Central Committee, and particularly since the 3d Plenary Session of the 12th CPC Central Committee, we have gradually reformed the planning system by reducing the management power of the State Planning Commission all central departments and by expanding decisionmaking powers of all localities. All localities have also relaxed planned management and given more decisionmaking powers to enterprises. Over the past 8 years, we have actively developed lateral ties between all departments and areas, done our best to change the artificial "socialized mass production" governed by vertical or horizontal management into socialized mass production naturally developed from commodity economy, and into the multi-tiered economic entity with large, medium-sized and small cities as its center and linking the vast rural areas. In this way, the rigid national economy has become active and lively. We have changed the closed market exclusively operated by state-run commerce and supply and marketing cooperatives into an open market with simultaneous development of state-run, collective-run, and individual-operated commerce. All these reforms correspond with the objective law of economic development and Marx' historical materialism, hence achieving marked results.

Seeing that we have adopted many capitalist methods, some comrades fear that it might cause capitalist restoration. They do not understand that socialism develops from capitalism and must inherit all things in the capitalist society that are beneficial to the development of productive force. In particular, China's socialism was built on the basis of capitalism in its elementary stage. Therefore, it is all the more necessary for China to make full use of all valuable things in capitalism that can greatly promote the development of production and use them to promote rapid development of socialist productive force, and create material conditions for future transition to a developed socialist country. If we only acknowledge reform and do not acknowledge inheritance, this does not correspond with dialectical materialism and historical materialism.

III

Of course, socialist commodity economy is different from capitalist commodity economy, as it is a planned commodity economy built on the basis of the public ownership of the means of production. However, in conducting planned management, we cannot adopt the previous planned system that conducted vertical or horizontal administrative management by completely relying on administrative power, but must mainly use economic methods (with necessary reservation of administrative power) and various economic levers to readjust the economy according to the objective economic law (the main one is the law of value). Just as we said in the past, this is an economic management system combining planned regulation and market regulation.

In the future, a state plan should mainly be responsible for macroeconomic regulation of the national economy for the balance between the total production and general demands of social products, for the important proportionate relationships between all economic departments, and for development plans of all localities. In the past, almost all funds for expanding reproduction were allocated by the financial authorities; financial departments concentrated the larger part of enterprises' profits to reasonably proportionate relationship between accumulation and consumption and to, finally, maintain a balance between revenue and expense. This was the main means for exercising macroeconomic control in the past. In carrying out structural reform, localities and enterprises have reserved some necessary funds for themselves and the money for fixed assets investment mainly come from funds reserved by localities and enterprises or from loans issued by banks. [paragraph continues]

Thus, it will be more and more important to reasonably arrange bank loans and to maintain a balance between income and payment in bank credit operations. In the past, the macro-imbalance in the national economy (for example, during the 3 years of the "big leap forward") was mainly reflected in our failure to control allocation of funds for capital construction, which resulted in a huge financial deficit and forced the state to issue more currency. At present, the macro-imbalance of the national economy (for example, from the 4th quarter of 1984 to the 1st quarter of 1985), was mainly reflected in our failure to control the granting of loans, which resulted in the issuing of more currency.

In the nearly 30 years since the founding of the PRC, the main macro-imbalance in China's economy was the failure to control the accumulation of funds. The prices of agricultural products sold by peasants were usually very low. Except for a large pay increase in 1956, only those workers whose pay was lowest had theirs slightly increased in the subsequent 20 years, and the pay of most workers had not increased in the 20 years, so there did not exist the problem of the failure to control consumption funds. However, due to our undue stress on developing heavy industry at that time, agriculture and light industry increased by a narrow margin and the number of workers has been increasing continuously. Consequently, the supply of consumer goods was still inadequate and major consumer goods were supplied on quota. Since 1979 we have greatly increased the prices of agricultural products, wages, and bonuses, so consumption funds have also increased rapidly. However, thanks to rapid development of agriculture and light industry, the supply of consumer goods was adequate, thus making it possible to cancel the method of supply by quota. For many products a "buyer's market" appeared in 1983. This created good conditions for the readjustment of prices. In the 4th quarter of 1984, when we failed to control the issuing of loans, the increase of workers' pay and bonus was also out of control and people's purchasing power increased too quickly, resulting in a large increase in prices. Our experiences over the past 30-odd years indicate that the most important task of state planning is to ensure that the growth rate of accumulated funds (mainly the fixed assets investment) is not higher than the growth rate of the development of the means of production and that the growth rate of consumption funds (mainly workers' pay and bonus) is not higher than the growth rate of the production of consumer goods, and to maintain a proper proportion. In capitalist countries, the contradiction of the total output of social products exceeding the total social demands often appeared. In socialist countries, things are just the opposite. If macroeconomic control is not properly conducted in a socialist country, then the total social demand may exceed the total output of social products, resulting in financial deficits and excessive expansion of bank credit. These two could then lead to the issuing of more currency, inflation and price increases. The expression of the failure to control accumulation funds (fixed assets investment) is the increase in the price of the means of production; and the expression of failure to control consumption funds (pay and bonus) is the increase in the price of consumer goods. Under the situation of the total social demands exceeding the total production, the growth rate of production may still be relatively high, but production efficiency will be lower. If this situation continues, then it will lead to an imbalance in the national economy and to another readjustment.

While properly maintaining macro control over the national economy we must also do our best to enliven microeconomic activities. It is necessary to give more decisionmaking powers to peasants and state-run enterprises (collective-run and individual-operated economies are operated independently and assume sole responsibility for their own profits and losses). Now the problem of giving decisionmaking powers (including their power to produce and market products and to set prices on their own) has basically been solved. The decisionmaking power of state-run enterprises is expanding gradually.
[paragraph continues]

In order to attain the target of state-run enterprises keeping separate accounts, operating independently, assuming sole responsibility for profits and losses, and competing with each other, the important thing is to readjust the unreasonable price system and to let most commodities readjust their own prices according to the law of value. Many comrades hold that letting the law of value readjust prices would result in an increase in prices of all commodities. This is a misunderstanding. Under the condition of no inflation, letting the law of value readjust prices would only help various commodities to increase or decrease their prices in accordance with the changes in cost and the supply and demand on the market, and the total increase volume can be roughly equal to the total decrease volume. Increases in prices mean depreciation of money, which is a result of inflation. During the 3 years of the "big leap forward," due to inflation (the supply of money increased by 140 percent in 3 years) prices of commodities on country markets increased a great deal. In 1961, the state seriously cut down capital construction investment and other expenses and used the method of selling several high-price commodities to recover some 5 billion yuan of currency (accounting for 40 percent of the total money issuing volume at that time). As a result, prices on country markets dropped and high-priced commodities were on sale at lower prices. Prices increased a great deal over the past 2 years, mainly due to the price decontrol over non-staple food. So the prices of some commodities which were forced down have increased reasonably. This is a structural readjustment of price. But the increases of the prices of some commodities were due to our failure to control the macroeconomy and to our issuing more currency over the past 2 years. These have excessively expanded social purchasing power and led to the shortage of many commodities. Although the inflation was slight, it merits our serious attention.

Except for the prices of grain and oil that are purchased by contract and supplied by plan, the prices of China's consumer goods are open in principle. Readjusting and decontrolling prices can not only increase the production of various products, but can also maintain a balance between supply and demand. This is the most important achievement made in market regulation. However, as the state has demanded that all localities control the increase rate of the prices of consumer goods, the prices of many small commodities are actually not open yet, and the producers of small commodities have to rely on subsidies given by the state. Important means of production still maintain planned prices, but the goods in excess of planned supply can be purchased and sold at negotiated prices. The prices of these goods are actually open. Due to the excessive fixed assets investment over the past 2 years or so, the means of production are in short supply and the negotiated prices of some goods are over 100 percent higher than the planned prices. The negotiated prices of some goods promoted the development of production, and the negotiated prices in turn dropped (for example the price of coal). So long as the state strictly controls the capital construction size and restores a balance between the supply and demand of means of production, we can readjust, in a planned way, the prices of the goods that are supplied by plan, can increase in a planned way the supply of negotiated-priced goods, can force down negotiated prices, and can gradually narrow the difference between the two prices. I hold that readjusting the unreasonable price system is the key to the success or failure of China's economic structural reform, and strictly controlling the general demands of social goods (including accumulated funds and consumption funds) is the key to smooth progress and swift fulfillment of tasks in price reform. If we do not strictly control the general demands of social goods but strictly control prices and if we maintain a false stability in price at the cost of increasing the state's subsidies, then it amounts to attending to trifles to the neglect of essentials, and the stable prices cannot last long.

As China has adopted the policy of price control for a long time, both producers and consumers do not know how to adapt themselves to market regulation. So the production and prices of some goods will go up and down by a wide margin after price decontrol. I describe this as an "allergic reaction" to the law of value. If the demand for a commodity exceeds its supply, then the production of the commodity will increase substantially, leading to a sharp drop in its price. On the contrary, if the supply of a commodity exceeds the demand for the commodity, then the price of the commodity will drop sharply and the production of the commodity will decrease, leading to an increase in its price. This "allergic reaction" is not beneficial to producers or consumers. Therefore, while decontrolling prices, we must give more planned guidance. State-run commerce and market management departments must promptly provide producers with information and regulate supply and demand, so as to avoid excessive price fluctuation.

Under the condition of maintaining a basic balance between the general production of and general demand for social products and readjusting prices gradually, the work of giving more decision-making powers to enterprises can be carried out smoothly, and state-run, collective-run and individual economy can compete with each other under the same conditions, with the survival of the successful one. This can greatly assist the enterprises to upgrade their operation and management level and to rapidly improve economic results, and can promote the national economy to develop in a lively and steady manner. Capitalist countries treat free competition as the motive force of economic development, and socialist countries must also encourage free competition under the guidance of state plan. Lenin once pointed out; when free capitalism develops to monopoly capitalism, monopoly will make the economy rigid, and push capitalism to enter the dying stage. In recent decades, capitalist countries have one after another promulgated anti-monopoly laws and encouraged free competition. In particular, fierce competition between countries has given some vitality to capitalism. Socialist countries have no reason to create artificial monopoly, to let people comfortably rest on the state and eat from the same big pot, and to destroy our economy.

China's planned commodity economy is built on the basis of the public ownership of the means of production. However, as China is a developing country, we cannot demand too much in the public ownership of the means of production. At present, we cannot build the public ownership of the whole society that Marx advocated, nor can we build the public ownership system envisaged by Stalin in which the two kinds of ownerships, namely, the ownership by the whole people and the collective ownership, coexist and the collective ownership gradually moves to the public ownership by the whole people. We can only vigorously develop the collective ownership (also a socialist public ownership) under the condition of the state (including central authorities, province, city, and county) public ownership being dominant and allow the individual ownership to develop to a certain extent. The system of contracted household responsibility related to output in agricultural production is in fact the combination of the collective ownership and the individual ownership. Land is owned by villages; the purchase of important agricultural products by contract and the supply of some means of production must be undertaken by villages; the orientation of the development of production and the readjustment of the product structure must be guided by villages; and the construction of water conservancy works must also be planned by villages in a unified way. Under such conditions, peasants have the decision-making power in production and labor. This can help bring into play the strong points of the two ownerships, namely, the collective ownership and the individual ownership.

Over the past 8 years, urban and rural collective ownerships have developed greatly, exceeding the development of state-run enterprises. In recent years, we have gradually leased and transferred a number of small state-run enterprises to collective and individuals. In only a few years, the number of urban and rural individual laborers has increased from several hundred thousand to 2 million and a handful of them have developed into private enterprises operated by employees. There are quite a few households whose annual income exceeds 10,000 yuan and one or two households whose annual income reaches several hundred thousand yuan. How should we make a complete analysis of these phenomena? If the state-owned, collective, and individual economies are not developing simultaneously, how can we meet people's increasingly varied demands? We must continue to protect and encourage those laborers who have become rich through hard work. When their income exceeds a certain limit, we may use the method of levying tax to restrict the difference between people's income. Since we do not fear Chinese-foreign joint ventures and enterprises solely operated by foreign businessman that have tens of millions yuan of capital, why should we fear private enterprises whose capital is only tens or hundreds of thousands of yuan? Provided that we give more decisionmaking powers to state-run enterprises and let them rely on their own efforts and develop rapidly, we need not fear that the foundation of the socialist public ownership will be shaken.

HAN PEIXIN ADDRESSES JIANGSU RURAL WORK MEETING

OW191115 Nanjing Jiangsu Provincial Service in Mandarin 1015 GMT 18 Mar 87

[Excerpts] A 5-day provincial rural work conference sponsored by the provincial party committee and government ended today in Nanjing. The conference focused on intensifying rural reforms and ensuring stable economic development in the countryside. He Kang, minister of agriculture, animal husbandry, and fisheries, made an important speech at the meeting. Leading comrades of the provincial party committee and government, including Han Peixin, Sun Han, and Ling Qihong attended the meeting and spoke. [passage omitted]

The conference pointed out: Reform is the central task in this year's rural work. We must give top priority to reform. Leadership at all levels must take the lead in studying relevant central documents, unifying thinking, clarifying orientation, and promoting reforms. We must firmly bear in mind the fundamental starting point for the reform of the rural economic structure and ensure that reform advances steadily along the correct path. [passage omitted]

The conference pointed out: Rural reform in the next 2 years should focus on the circulation and banking sectors. Reform in the circulation sector should focus on continuing to encourage peasants to get involved in circulation. As for reform in the banking sector, many cities and countries have acquired good experience in setting up rural financial service companies, cooperative funds, and other projects. In addition to circulation and banking, we must pay attention to improving rural cooperative organs. The starting point and objective in improving cooperative organs is to consolidate the achievements of the first stage of rural reform and to strengthen and improve services. [passage omitted]

Comrade Han Peixin, in his speech at the conclusion of the meeting, emphasized: We must improve and strengthen party leadership over rural work. The top leaders of party and government units here must assume overall responsibility over the urban and rural economies and take rural work very seriously. Leaders at the county level or lower levels must focus even more on rural economic construction. All departments should support rural reform and economic development by carrying forward the fine tradition of supporting agriculture.

SHANGHAI LEADERS ATTEND SCIENCE AWARD MEETING

OW190745 Shanghai City Service in Mandarin 0100 GMT 18 Mar 87

[Excerpts] The Municipal government held a meeting on the afternoon of 17 March to award scientific and technological achievements and advanced scientific and technological personnel in 1986. (Yu Zhongjia) and 13 others were named exemplary scientific and technological personnel of Shanghai City. [passage omitted]

Rui Xingwen, secretary of the municipal party committee, and Mayor Jiang Zemin attended the meeting and spoke. Rui Xingwen pointed out: We must make use of Shanghai's strong points as an industrial base and of its science and technology, and make them serve the socialist four modernizations and Shanghai's transformation and rejuvenation. We must actively promote reform of the science and technology management system, integrate scientific research with production and the four modernizations, and contribute to economic construction and the development of new technology. We must respect knowledge and talent and bring into play the initiative of intellectuals in socialist modernization.

SICHUAN'S YANG RUDAI URGES INCREASING PRODUCTION

HK171350 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 16 Mar 87

[Text] While handling on-the-spot official business in Mianyang City (?yesterday), Yang Rudai, secretary of the provincial party committee, stressed: The task of increasing production and practicing economy and increasing revenue and reducing expenditure is an important task for this year. We ought to settle the following issues:

First, we must take further steps to settle the issue of understanding compressing the inflated atmosphere. Without compressing the inflated atmosphere, it will be impossible to achieve long-term and steady economic development. In the previous period, all quarters spent money wastefully and extravagantly and always asked the higher level for houses, for expanding their establishments, and for more vehicles. In conducting the current compressing of the inflated atmosphere, we must first compress [words indistinct]. Compressing inflated atmosphere is aimed at safeguarding focal points such as energy resources, communications, and raw and processed materials.

Second, we must adopt a positive attitude and must not take a passive wait-and-see attitude. In launching the drive to increase production and practice economy and increase revenue and reduce expenditure, we must increase both industrial and agricultural production. The fundamental point is increasing production. With an increase in production output, other contradictions can be readily resolved.

Third, we must adopt concrete measures. In compressing the inflated atmosphere, there must be (?concrete aims) to compress or safeguard a number of points. Compressing the inflated atmosphere is aimed at safeguarding focal points and increasing production output. Some areas have called for compressing extravagance, waste, and nonproductive construction to safeguard agriculture and [words indistinct] to reinvigorate enterprises, and to increase production output. In compressing and safeguarding the things they want to compress and safeguard, all areas and departments must adopt concrete measures in this regard and adopt concrete measures to increase production output.

Comrade Yang Rudai added: We must study ways to achieve reinvigoration despite our shortage of funds. With less money, we must spend the money well to achieve better results. In particular, we must improve economic results and reduce consumption and production costs. These issues relate to our guiding ideology and work.

SICHUAN LEADER LAUDS FIGHTING NATURAL DISASTERS

HK180217 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 17 Mar 87

[Excerpt] While doing on-the-spot work in Jiangyou County on 17 March, provincial party committee Secretary Yang Rudai said that the leaders must brace their spirits and be confident in fighting natural disasters and striving for a bumper harvest.

Comrade Yang Rudai said that, to make a success of work in the face of natural disasters, it is very important to sum up and apply the successful experiences in fighting natural disasters and reaping a bumper harvest last year so as to deal with this year's natural disasters.

The leaders at all levels, including the township, village, and group cadres, must brace their spirits and establish confidence. How can they establish confidence? One aspect is to commend advanced typical examples in fighting natural disasters and reaping a bumper harvest last year to encourage people's morale. Another aspect is to make a specific analysis of the favorable conditions for fighting natural disasters and reaping a bumper harvest this year. [passage omitted]

KUNMING ARRESTS TAIWAN KUOMINTANG SPY LEADER

HK200230 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 19 Mar 87

[Text] This morning, a responsible person from the Kunming City Bureau of State Security announced that the bureau recently cracked a Taiwan Kuomintang spy case and arrested (Ruan Jicai), head of the Kunming station under the Taiwan Military Intelligence Bureau and a hidden enemy agent. Prior to his arrest, the 43-year-old (Ruan Jicai) was an individual producer engaged in processing (Zouzhi) products in (Ma) village, Kunming. During his visit to Thailand to see his relatives there in April 1983, (Ruan Jicai) was instigated by secret agents from the Taiwan Military Intelligence Bureau to join the spy organization. Soon afterwards he received spy training, took on the task of sneaking back [qian hui] into Kunming to collect intelligence and develop espionage, and was appointed head of the Kunming station.

After sneaking back into Kunming in June last year, (Ruan Jicai) actively collected intelligence concerning our country's political, economic, and military affairs. In accordance with the assumed and code names and means of communication stipulated by the enemy espionage agency, he made more than 10 secret reports to the enemy espionage agency on intelligence concerning our party, government and economic affairs, and received espionage funds amounting to more than 15,000 yuan.

When (Ruan Jicai) was recklessly carrying out activities in September last year, he was arrested according to law by the state security organ. In the face of abundant evidence of his crime, (Ruan Jicai) confessed everything and admitted his guilt. The Kunming City intermediate people's court tried the case according to law, and sentenced (Ruan Jicai) to 8 years' imprisonment, with a 2-year deprivation of his political rights.

SHANXI'S LI LIGONG STRESSES UNITED FRONT WORK

HK200140 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 18 Mar 87

[Excerpts] In his speech delivered at a conference on the Shanxi Provincial CPC Committee's united front work, which opened on 18 March, Li Ligong, secretary of the provincial party committee, said: We must deeply understand the spirit of the CPC Central Committee's directive on united front work, [words indistinct], gain a clear idea of the new setup, fully understand new issues, further strengthen leadership over our united front work, and do a still better job of promoting our united front work during the new period.

In his speech, Comrade Li Ligong noted: Since the 3d Plenary Session of the 11th CPC Central Committee, the central authorities have (?adopted) a series of correct guiding principles and policies on promoting united front work during the new period. They are guiding principles and policies of very important significance in the work of consolidating and developing the patriotic united front. The most essential point of the principles and policies is to strengthen party leadership over united front work and to implement the guiding principle of having the whole party promote united front work.

Comrade Li Ligong emphatically discussed reasons for strengthening party leadership over united front work and ways to strengthen party leadership over united front work. He expounded reasons and conditions for strengthening party leadership over united front work in the following three respects:

First, the new situation has put forward new tasks for our united front. According to the new tasks, we must regard the reunification of our motherland and the revitalization of the Chinese nation under the patriotic banner as our general goals, and unite with people of all nationalities, with all democratic parties and relevant mass organizations, with all nonparty personages, and with the vast numbers of our compatriots in Taiwan, Hong Kong, and Macao, and Overseas Chinese to serve the promotion of the policy of one country with two systems, the realization of peaceful reunification of our motherland, the promotion of reform and opening up, the building of socialist material and spiritual civilizations, the perfection of our socialist democracy and legal system, and the development of multiparty cooperation under the leadership of the CPC. [passage omitted] The patriotic united front must be based on the mainland, must face Taiwan, Hong Kong, Macao, and overseas, and regard the promotion of the policy of one country with two systems as the focal point of the front's work. The tasks undertaken by the united front are very [word indistinct] and glorious. Some comrades have failed to fully understand the importance and protracted nature of our united front work. One of the reasons for their failure is that they do not fully understand the great role played by our party's united front in history. [passage omitted]

As the united front always has an important bearing on success or failure of the revolutionary cause, Comrade Mao Zedong pointed out as early as 1934 that the united front, armed struggle, and party building were the three important magic weapons for winning victories in the Chinese revolution. The united front was indispensable and important in the past and will continue to be indispensable and important in the days to come. The united front still has great vitality. [passage omitted]

Second, our united front work occupies a decisive position in our overall work. What is the overall work of our party?

The 12th National Party Congress clearly pointed out that our party's general tasks during the new historical period are: Uniting with people of all nationalities throughout the country to be self-reliant and to work hard; gradually achieving the modernizations of industry, agriculture, national defense, and science and technology; and building China into a socialist country with a high degree of civilization and a high degree of [word indistinct]. The united front plays a decisive role in the fulfillment of these general tasks of our party during the new period.

Third, all areas and departments have been assigned tasks of the united front work. With the implementation of the guiding principles and policies for the promotion of reform, opening up, and reinvigoration, and with the policy on one country with two systems being carried out, the scope of the united front has been further expanded. The united front work has been extended from the mainland to overseas, has been developed from cities into towns and townships, has been stretched from the upper strata to the grass-roots, and has spread from the political sphere into all fronts and departments.

At the same time, there has been a new development of targets of the united front work: There are both the older generation and the new generation, there are both mainland people and overseas people, and there are both those workers and patriots who support socialism and those patriots who support reunification of the motherland. Therefore, all areas and departments have to do united front work. Party organizations at all levels must fully understand the importance and protracted nature of united front work, truly strengthen leadership over their united front work, conscientiously implement the guiding principle of having the whole party to promote united front work, and do a still better job of promoting united front work during the new period.

Li Ding, deputy head of the Central United Front Work Department, who made a special trip from Beijing to our province to attend this conference, also delivered a speech at the conference.

Attending the conference were Zhang Changzhen, Jia Jun, Ruan Bosheng, Li Xueren, and Guo Yuhuai, responsible comrades from the provincial People's Congress, the provincial government, and the provincial CPPCC Committee; and Wang Xiujin, director of the United Front Work Department under the provincial party committee.

Also attending the conference were deputy secretaries of the province's prefectural and city party committees who are in charge of united front work; directors and deputy directors of united front work departments under prefectural and city party committee; directors of general offices for the implementation of policies under prefectural and city party committees; heads of bureaus and departments of nationalities and religious affairs at the prefectural and city levels; deputy secretaries of county and district party committees who are in charge of united front work; directors of united front work departments under county and district party committees; party committee deputy secretaries who are in charge of united front work and united front work department directors from colleges and universities and from a number of large medium-sized factories, mines, and enterprises; responsible comrades from the leading party group of the provincial CPPCC Committee; responsible comrades from all responsible comrades from the leading party groups of provincial committees, offices, departments bureaus, and mass organizations. More than 350 people attended the conference.

Zhang Changzhen, Standing Committee member of the provincial party committee, presided over the conference.

TIANJIN PEOPLE'S CONGRESS MEETING OPENS

SK180534 Tianjin City Service in Mandarin 0030 GMT 18 Mar 87

[Text] The 33d Standing Committee meeting of the 10th Tianjin Municipal People's Congress opened on 17 March.

Li Zhongyuan, vice chairman of the municipal People's Congress Standing Committee, presided over the meeting. The items on the agenda of the meeting are to examine and discuss the revised draft of several draft provisions of Tianjin Municipality on protecting legal rights and interests of the elderly; to hear and discuss a report on the sports work situation and a report on the radio and television work situation both delivered by the municipal people's government and a report on the situation in which deputies investigated the municipal administrative work delivered by the office of the municipal People's Congress Standing Committee; and to examine and discuss a report on the situation of handling motions by the 5th session of the 10th municipal People's Congress, a draft decision on convening the 6th session of the 10th People's Congress made by the municipal People's Congress Standing Committee, and items of personnel appointments and removals.

The meeting held on the morning of 17 March heard the explanations of the revised draft of several draft provisions of Tianjin Municipality on protecting legal rights and interests of the elderly made by Wang Chengxi, chairman of the Political and Legal Commission. Members participating in the meeting conscientiously examined and discussed the revised draft.

The meeting, held on the afternoon of 17 March heard the report on the sports work situation delivered by Qiu Yong, chairman of the Tianjin Municipal Physical Culture and Sports Commission, entrusted by the municipal people's government. While examining and discussing the report, participants urged all fronts to pay attention to sports undertakings, to attend to cultivating sports players when they are children, and to strengthen the construction and protection of stadiums.

Attending the meeting were Zhang Zaiwang, chairman of the municipal People's Congress Standing Committee; and Bai Hua, Liu Zengkun, Yang Jianbai, Fan Quan, Han Tianyao, Yu Fujing, and Shi Jian, vice chairmen of the committee. Attending the meeting as observers were Vice Mayors Yao Jun and Lu Xuezheng, and responsible persons of relevant departments.

XINJIANG'S SONG HANLIANG ADDRESSES TECHNICIANS

HK160728 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 14 Mar 87

[Excerpts] This afternoon, the autonomous regional people's government held a mass meeting at the people's theater to commend and give awards to 3,000 outstanding specialists and technicians who achieved remarkable successes in 1986. A congratulatory message to the meeting from Wang Enmao, vice chairman of the CPPCC National Committee and chairman of the autonomous regional advisory Commission, was first read out at the meeting. [passage omitted]

In his speech at the meeting, Tomur Dawamat, deputy secretary of the autonomous regional party committee and chairman of the autonomous regional people's government, extended his respects to all the specialists and technicians fighting on various fronts throughout the region and to those comrades who have been awarded the honorable titles of outstanding specialists and technicians of 1986 on behalf of the regional party committee and the regional government. [passage omitted]

In his speech at the meeting, Song Hanliang, secretary of the autonomous regional party committee, reviewed our region's scientific and technological achievements scored over the past few years. He noted: Compared with requirements for promoting the national economic and social development, our work on the scientific and technological front still has a long way to go. The scientific and technological front is still facing very arduous tasks in the days to come. He stressed: We must deeply conduct the reform in our scientific and technological system. At present, we must conscientiously implement the State Council's certain stipulations on further promoting the reform of the scientific and technological system. [passage omitted]

Song Hanliang stressed: Science and technology must effectively serve economic development in our region. In carrying out our scientific and technological work, we must act in accordance with the objective requirements for promoting the economic and social development in Xinjiang, continue to uphold the principle of stressing research on development and production techniques and the improvement of technological levels, and energetically organize the work of tackling key scientific and technological problems and the research work of advancing the development of science and technology. He hoped that the vast numbers of intellectuals would carry forward the glorious tradition of plain living and hard struggle and would make contributions to our autonomous region's drive to increase production and practice economy and increase revenue and reduce expenditure.

Janabil, deputy secretary of the autonomous regional party committee, also addressed the meeting.

SONG HANLIANG AT XINJIANG MEETING ON CIRCULATION

HK170307 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 15 Mar 87

[Text] An autonomous regional work conference on reform of the system of circulation channels, convened by the autonomous regional people's government, opened yesterday in Urumqi.

The major tasks of this conference are: To sum up our region's experiences in reforming the system of circulation channels over the past few years; to analyze the existing problems; to study plans for deepening our reform, and to define the orientation and tasks of conducting reform from 1987 to 1988.

Song Hanliang, secretary of the autonomous regional party committee, presided over yesterday's opening session. Huang Bzozhang, vice chairman of the autonomous regional government, delivered an opening speech. Hederbai, vice chairman of the autonomous regional government, delivered a report, entitled "Deepen Reform of the System of Circulation Channels and Promote Economic Development in Xinjiang."

Hederbai's report listed the following five points:

First, the current economic situation in our autonomous region;

Second, the current situation of reform of the system of circulation channels in our autonomous regions;

Third, suggestions for further deepening our region's reform of the system of channels for commodity circulation;

Fourth, uphold the four cardinal principles and strengthen the building spiritual civilization;

Fifth, conscientiously promote this year's work of preventing waterlogging and make new contributions to winning our 10th year of bumper harvests of agricultural and animal husbandry production.

Attending the conference were Janabil, Bai Chengming, Qi Guo, Yang Yiqing, Yusufu Muhanmode, Fu Wen, and (Wen Kexiao), leaders from the autonomous regional party and government organizations and from the Xinjiang production and construction corps.

XINJIANG'S SONG HANLIANG AT ECONOMIC MEETING

HK200120 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 18 Mar 87

[Excerpts] An autonomous regional work conference on reform of circulation channels, which opened today, noted: From 1987 to 1988, we must deepen reforms inside enterprises, strengthen the vitality of enterprises, further reinvigorate rural areas, and promote great development of our autonomous region's commodity economy. Over the past few years, units engaged in rural structural reform have conducted beneficial explorations and scored gratifying achievements. However, the (?pace) and development of the reform among trades and professions are uneven. [Words indistinct] moreover, channels for commodity circulation are still not unblocked and there are still difficulties in buying or selling commodities. These problems really do not suit the needs of the development of commodity economy in our autonomous region.

The conference noted: All (?departments) and enterprises must conduct bold explorations, [words indistinct], and make unceasing efforts to deepen reform of the system of circulation channels. The key to deepening reforms inside enterprises lies in conscientiously solving problems in the separation of proprietary rights and management rights within enterprises. In light of their different forms of accumulation, all areas must actively practice the system of the manager assuming chief responsibility or the system of the manager taking responsibility for achieving goals during his term of office. [passage omitted]

Attending today's conference were Song Hanliang, Tomur Dawamat, Janabil, Zhang Sixue, and (Huang Baozhang), leading comrades from our autonomous region. During the conference, Zhang Sixue delivered a speech and Tomur Dawamat made a summation.

U.S. 'PRESSURE' ON TARIFF CUT RESPONDED TO

OW171111 Taipei CNA in English 1052 GMT 17 Mar 87

[Text] Taipei, March 16 [date as received] (CNA) -- Responding to the U.S. pressure for further market opening, the Republic of China [ROC], in addition to revising customs regulations, will arbitrarily cut tariff rates so as to expand imports.

Finance Ministry officials said that any official revision of customs regulations will take time because of legal procedure, while cutting tariff rates arbitrarily only requires approval from the Executive Yuan, and will therefore be more effective at such an unusual time.

According to foreign wire services report, the United States wants the ROC to take such substantial measures as drastically cutting tariff rates before June in order to narrow the trade gap between the two nations. The U.S. trade deficit with the ROC in 1986 rose to \$12 billion.

However, the officials said that so far the Finance Ministry has [not] yet received the U.S. list, which totaled 58 items last year, demanding the ROC to cut tariffs.

CABINET SAYS TRADE LIBERALIZATION TO CONTINUE

OW170255 Taipei CNA in English 0239 GMT 17 Mar 87

[Text] Taipei, March 17 (CNA) -- The government of the Republic of China [ROC] will continue its efforts in the internationalization and liberalization of foreign trade in line with its goal of seeking sustained economic growth, the Cabinet said Monday.

In a report on the central government's general budget, the Cabinet gave assurances that restrictions on trade, interest rates, foreign exchange rates, and the pricing of important commodities will be further relaxed.

It pointed out that the national economy's reliance on foreign trade has continued to increase and that trade development, of necessity, has become the mover of the economy.

The nation's two-way trade in Fiscal 1988 is expected to result in a surplus of NT [Net Taiwan] \$535.7 billion, equivalent to U.S. \$14.9 billion (based on the rate of NT \$36 against U.S.\$1 dollar).

Under the impact of the New Taiwan dollars's continued appreciation, the pace of export growth is expected to slow from the projected 20.32 percent in Fiscal 1987 to 12.15 percent in Fiscal 1988.

Meanwhile, according to statistics released by the Central Bank of China, the ROC's current balance of payment account recorded a surplus of U.S.\$16.1 billion last year, an increase of U.S.\$6.9 billion over the previous year.

Exports increased more than U.S.\$9 billion to U.S.\$39.48 billion last year, while imports also rose by U.S.\$3.34 billion to U.S.\$22.64 billion.

'RECORD' SURPLUS IN BALANCE OF PAYMENTS REPORTED

OW171129 Taipei CNA in English 1007 GMT 17 Mar 87

[Text] Taipei, March 17 (CNA) — The Republic of China registered a record surplus of \$16.6 billion in balance of payments last year, the Central Bank of China announced Monday.

Officials of the Bank said the volume is the biggest ever and is 78 percent higher than a year before, when it stood at \$7.2 billion.

Statistics from the bank showed the 1987 surplus was 2.8 times bigger than the 1984 amount and 12.9 times bigger than the 1981 total.

The officials also said that some \$1.4 billion in short-term capital went into the country last year. The amount was four times higher than in 1986.

The influx of short-term capital, officials said, might have something to do with the appreciation of the New Taiwan dollar in which enterprising businessmen make quick profits through the changes in the parity rates.

The officials, however, did not rule out the possibility that most of the so-called hot money might have come into the country through the black market.

CHINESE WHO HAVE VISITED PRC CAN NOW VISIT

OW191217 Taipei CHINA POST in English 15 Mar 87 p 8

[Text] The vice chairman of the Overseas Chinese Affairs Commission said in the Legislative Yuan that Overseas Chinese who have visited relatives in Mainland China under Communist Chinese passports will be allowed to enter Taiwan, the INDEPENDENT EVENING POST reported yesterday.

Speaking before the Legislative Yuan, Chu Chak-hay said compatriots living abroad have questioned the government's past practice of denying entry to those who had been to Red China to see relations and who later obtained ROC [Republic of China] passports.

The new government policy stipulates that Overseas Chinese who have been to the mainland for family reunions can still come to Taiwan, Chu said.

Only when an Overseas Chinese is applying for an ROC visa for the first time are the ROC embassy and representative offices required to seek approval from authorities in Taipei, Chu explained.

OPPOSITION SUPPORTERS PROTEST NATIONAL SECURITY BILL

HK180724 Hong Kong AFP in English 0712 GMT 18 Mar 87

[By Hsin-hsin Yang]

[Text] Taipei, March 18 (AFP) — About 300 members of Taiwan's opposition Democratic Progressive Party (DPP) demonstrated outside the Legislative Yuan on Wednesday to protest a proposed new national security law.

Three dozen police stood by, but there were no clashes as the crowd -- wearing green head bands and waving banners -- attacked the legislation as a violation of democracy, freedom, and human rights.

The bill is intended to replace martial law in Taiwan, which has been in force continuously since 1949 when the Kuomintang (KMT) government was forced off Mainland China by communist forces.

Hsieh Chang-ting, a Taipei city councillor and unsuccessful DPP candidate in December legislative elections, led Wednesday's protest, using loudspeakers to attack the KMT government.

Several of the 13 DPP members who sit in the Legislative Yuan talked to the protestors, 20 of whom were allowed to meet DPP lawmakers inside the building to hear about their efforts to block the proposed law.

As the demonstration took place, Taiwan's justice, interior, and national defense ministers were testifying in the Legislative Yuan on the 10-clause bill, which was passed by cabinet last month.

The KMT, led by President Chiang Ching-kuo, is expected to lift martial law by the end of this month.

DPP legislator Chang Chung-hsiung told reporters that if the KMT forced enactment of the security law, "the opposition would resort to more street movements as a protest." He did not elaborate.

DPP legislators, a minority in the 327-members assembly, have strongly opposed the bill, arguing that existing laws are enough once martial law is lifted.

But Justice Minister Shih Chi-yang has said the bill, which would mainly affect security operations at immigration checkpoints and in Taiwan's rugged mountain regions, was a must to guarantee "national security and social stability."

He has also said that 16 security laws would be stricken from the books simultaneously when martial law is abolished.

Under the national security law, civilians would no longer face court martial, and there would be greater freedom of the press.

But DPP members specifically object to an article that stipulates that "any gathering or assembly of people should not be in violation of the Constitution or the nation's anticommunist policy, nor should it advocate separatism."

The latter phrase alludes to the KMT's view that it is the legitimate government of all China, and that the Communist Party has only temporarily usurped power on the mainland.

The DPP, formed in September 1986 by 165 oppositionists in defiance of an official ban on forming new political parties, calls for "self-determination" for all Taiwan residents -- a view that is considered as a form of separatism by authorities here.

But opposition members have denied that "self-determination" is tantamount to Taiwan independence, an idea that is outlawed by the KMT government.

HONG KONG

LAW DRAFTER WARNS ON APPLICATION OF PRC LAWS

HK170213 Hong Kong SOUTH CHINA MORNING POST in English 17 Mar 87 pp 1, 2

[By Stanley Leung in Guangzhou]

[Text] Direct application of some Chinese laws to Hong Kong after 1997 was regarded yesterday by some local Basic Law drafters as a contravention and damaging to the "one country, two systems" concept.

The Hong Kong co-convener of the "Political Structure" Sub-group, Mr Louis Cha, said he believed the local legislature, instead of the central authorities, should have the right to determine whether some Chinese laws should apply to Hong Kong.

He was referring to some mainland drafters' earlier proposal that laws such as the Chinese Nationality Act and that covering the election of Hong Kong delegates to the National People's Congress should apply directly without going through the Hong Kong legislature.

Mr Cha said he and several other drafters attached much importance to this issue and he was prepared to bring it up in the committee's plenary session in Beijing next month.

By "a high degree of autonomy" enshrined in the Joint Declaration, the local legislature should have the exclusive right to pass local laws.

Application of socialist laws to Hong Kong might damage the "one country, two systems" concept, Mr Cha said.

According to the Joint Declaration, the laws of the Hong Kong Special Administrative Region [SAR] would be the Basic Law, the laws previously in force in Hong Kong and those enacted by the SAR legislature. It excluded Chinese laws.

However, he suggested that Chinese laws enacted before 1997 with reference to Hong Kong could be enforced by the SAR legislature passing the appropriate law.

The same could be done for the election of Hong Kong delegates to the NPC.

However, the Chinese Nationality Act should not be applicable to Hong Kong because it denied "double nationality", thus conflicting with Hong Kong's reality, he said.

Mr Cha admitted that his views differed with those of the mainland co-convener, Mr Xiao Weiyun.

Airing his "personal views" on the issue at a news briefing, Mr Cha said the issue was discussed briefly at the sub-group meeting yesterday and it was the "central-Hong Kong relationship" [for the] sub-group to determine.

Mr Cha also reported that the sub-group members weighed the pros and cons of several options regarding the post 1997 regional and district administration.

The sub-group preferred that the future framework should not be detailed in the Basic Law. Proposed clauses should only state that the SAR government could set up regional bodies covering cultural and recreational affairs, and district bodies advising on district and territory-wide affairs.

Functions and election of members should be stipulated in SAR laws. Mr Cha said the future government should decide whether the present "three tier" system be changed.

Regarding the civil service system, members thought senior and "responsible" posts should be taken up by those with SAR identity cards, meaning that they should have lived in Hong Kong for at least seven years.

But for those low ranks such as scavengers and labourers, such requirement should be waived.

Mr Cha said those advisers and professionals recruited overseas, as was provided for in the Joint Declaration, should basically enjoy the same remunerations and benefits as similar ranks in Hong Kong.

BASIC LAW DRAFTERS DISCUSS AMENDMENT PROCEDURE

HK140600 Hong Kong HONGKONG STANDARD in English 14 Mar 87 p 20

[By Yau Shing-mu in Guangzhou]

[Text] No single authority in Hong Kong should be empowered to propose amendments to the Basic Law, the post-1997 constitution of Hong Kong.

This was the decision of a sub-group of the Basic Law Drafting Committee, currently in session in Guangzhou.

Despite the reservation of the drafter, Mr Martin Lee, the group agreed that no amendment should be proposed by the Special Administrative Region (SAR) without the concurrent consent of three local authorities.

Any amendment should require support from two-thirds of the legislators, two-thirds of locally elected deputies to the National People Congress (NPC) and the chief executive of the SAR.

Such a provision would prevent NPC members in China from initiating change, a co-convener, Mr Shao Tianren, said.

"The Basic Law should be stable," Mr Shao said.

It should not be changed as easily as other laws. Changes should be kept to a minimum and the general provisions should be inamendable, he said. Change would require caution.

"One way to ensure caution is to restrict who should have the right to propose amendment," Mr Shao said.

The NPC Standing Committee and the State Council, by virtue of their constitutional right, could initiate amendment alone. The power in the SAR should be shared by the legislature, the executive and the local NPC members.

"We don't require (that) support for proposing amendment should be unanimously passed by the legislators and the NPC members, therefore, two-thirds of them would be enough," said Mr Shao.

Mr Lee insisted the SAR legislature alone should be enough to propose amendment.

"If that's the case some drafters said it would put a local legislature and the Standing Committee of the NPC on the same par," Mr Shao said.

Once the three local authorities gave consent to propose an amendment, the motion should be tabled in the NPC by its Hong Kong members.

Further clearance from the NPC Standing Committee or the State Council should not be necessary, Mr Shao said.

But a co-convenor, Dr Rayson Huang, said the group had yet to discuss the amendment procedure and whether the SAR and the Hong Kong people should be involved.

Moreover, the group had agreed to add a clause in the Basic Law. The new clause, discussed at the last Kunming meeting, stipulated that the SAR should legislate to prohibit activities conducive to secession and subversion of the Central People's Government.

"It's not necessary to define what is secession and subversion in the Basic Law," Dr Huang said. "We decided to leave it to the SAR legislature."

The group proposed two formulae to adapt Chinese laws to the territory. The drafters agreed that some Chinese laws should be able to apply to the SAR through a prescribed procedure.

EXPATRIATES TO GET POST 1997 VOTING RIGHTS

HK190401 Hong Kong SOUTH CHINA MORNING POST in English 19 Mar 87 pp 1, 2

[By Stanley Leung in Guangzhou]

[Excerpt] Expatriates who have resided in Hong Kong for seven or more years would be granted the same basic rights as those born locally, a Basic Law Drafting Committee subgroup meeting in Guangzhou has decided.

The group deliberating on inhabitants' rights and obligations yesterday devised three categories:

- Locally born and Hong Kong belongs;
- Long-term residents with an expressed wish to call this their permanent home and carry temporary identity cards; and
- The foreign business community -- for people living in the territory.

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The decision, reached after months of doubts and debate within the joint Chinese and Hong Kong committee, reaffirmed the present Government policy of conferring on expatriates who have lived here for at least seven years the right to vote and run for public office.

The subgroup said the categories merely identified the specific residency requirements and in no way pre-empted the electoral laws still to be worked out by the committee.

The co-convener, Mr Justice Simon Li, said the categories conformed to a "broad principle that all permanent residents with identity card are entitled to vote and stand for public office" while leaving the details of the arrangement for further review.

Mr Justice Li said the categories did not preclude the possibility of laws that could well deprive foreign nationals of the right of direct political participation.

He said the committee was divided "on the rights of foreign nationals to vote and stand for office, only to vote, or neither".

Expatriate and Indian communities reacted favorably, if cautiously, to the three categories worked out by the subgroup.

The decision echoed the Sino-British Joint Declaration signed in December 1984, which clearly identified permanent residents as those with the right of abode in the territory; temporary residents as those holding temporary identity cards; and others, such as foreign passport holders, who used Hong Kong as a base for their business pursuits.

Mr Justice Li predicted in December after a five-day meeting in Beijing that his suggestion for "a finer sort of definition" of Hong Kong resident categories would be accepted.

Even while the subgroup endorsed the three categories yesterday, it rejected the Basic Law Consultative Committee suggestion that the "freedom of life, privacy and thought" be included in the mini-constitution.

Mr Justice Li said such a freedom was never mentioned in the Joint Declaration and some drafters maintained that it was a redundancy since freedom of speech already implied that right.

He also rejected the Consultative Committee request for a discussion on the issue of abortion which Mr John Lambourne had proposed since the topic had roused protracted legislative and legal debates in the West.

He dismissed the abortion motion since British and Chinese laws on the issue seemed to coincide. [passage omitted]

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NATIONALITY RIFT WITH PRC REPORTEDLY RESOLVED

HK200347 Hong Kong SOUTH CHINA MORNING POST in English 20 Mar 87 p 2

[From S.Y. WAI in Beijing]

[Text] Terms from China and Portugal negotiating the future of Macao have managed to resolve a rift over the future nationality issue of Macanese people after China agreed to some concessions.

Sources said the nationality issue was the main topic of yesterday's discussion -- the second day of the fourth round of the Sino-Portuguese talks on the return of Macao to Chinese rule.

A reliable source close to the negotiations described the talks as having lots of ups and downs.

Both sides continue the talks this morning and a joint communique will be issued at 5 pm, after today's meeting.

According to the Portuguese Ambassador to China, Mr Octavio Valerio, this round of talks is the final one and a joint communique will be issued followed by the signing of a draft agreement.

It was the first time an official source had confirmed that there would be no more rounds of talks.

But Dr Rui Barbosa Medina, head of the Portuguese team, said he did not know when the talks would end because "it was really very difficult to say".

While Dr Medina said he wondered whether the communique would be issued today a reliable Portuguese source in Beijing insisted that it would.

Dr Medina and his fellow team members looked upset and solemn when they returned from yesterday's morning session in contrast to previous occasions when Dr Medina was always smiling, although he declined to answer questions raised by reporters.

Mr Valerio said at that time he did not know whether this round of talks was the final one. He confirmed by nodding his head that there would be no more rounds of talks when speaking after the third session of the day.

Asked why Dr Medina looked so upset before the second session and after the morning session, Mr Valerio said: "He was born with that face."

Dr Medina, who was smiling again when speaking after the third session, said he and his Chinese counterpart, vice-foreign minister Mr Zhou Nan, attended all the sessions yesterday.

The Chinese side was not available for comment.

A reliable Portuguese source in Beijing said Dr Medina was scheduled to return to Portugal at 4 pm today in order to consult his government on the draft agreement.

It is expected that, if the Portuguese Government accepts, both sides will sign an agreement in the middle of next week.

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Initialing Expected 'Next Week'

HK201034 Hong Kong AFP in English 1020 GMT 20 Mar 87

[By Pierre-antoine Donnet]

[Excerpt] Beijing, March 20 (AFP) -- Beijing and Lisbon have worked out all of the problems concerning the return of Macao to Chinese rule and an agreement will be initialed next week, the Portuguese ambassador to Beijing said Friday.

"No problems left, no problems left," Octavio Valerio told reporters when asked why the expected release Friday of a joint communique had been postponed.

He added that the agreement calling for the return of Macao, a tiny gambling center in south China, to Chinese rule would be initialed next week.

"Next week, next week," the Portuguese diplomat said.

Portuguese sources close to the negotiations said the unexpected delay was the result of the Portuguese State Council's and Portuguese President Mario Soares's wish to study the text of the accord, which sources have said will return Macao to Chinese rule in December 1999.

The head of the Portuguese delegation, Ambassador to the United Nations Rui Medina, said after more than two hours of talks Friday with the chief Chinese negotiator, Vice-minister of Foreign Affairs Zhou Nan, that the talks were not over.

He added that he would meet Mr Zhou later Friday and that another session of discussions would be held Saturday.

Mr Zhou told a Hong Kong reporter Thursday that Beijing and Lisbon had agreed on major questions and that a joint communique was expected to be published Friday.

Portuguese sources also said a joint statement would be released Friday.

Mr Medina gave no indication of what remained to be discussed.

"The talks are underway," a Chinese Foreign Ministry spokesman said. "When the talks are over, an important news communique will be issued." [passage omitted]

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